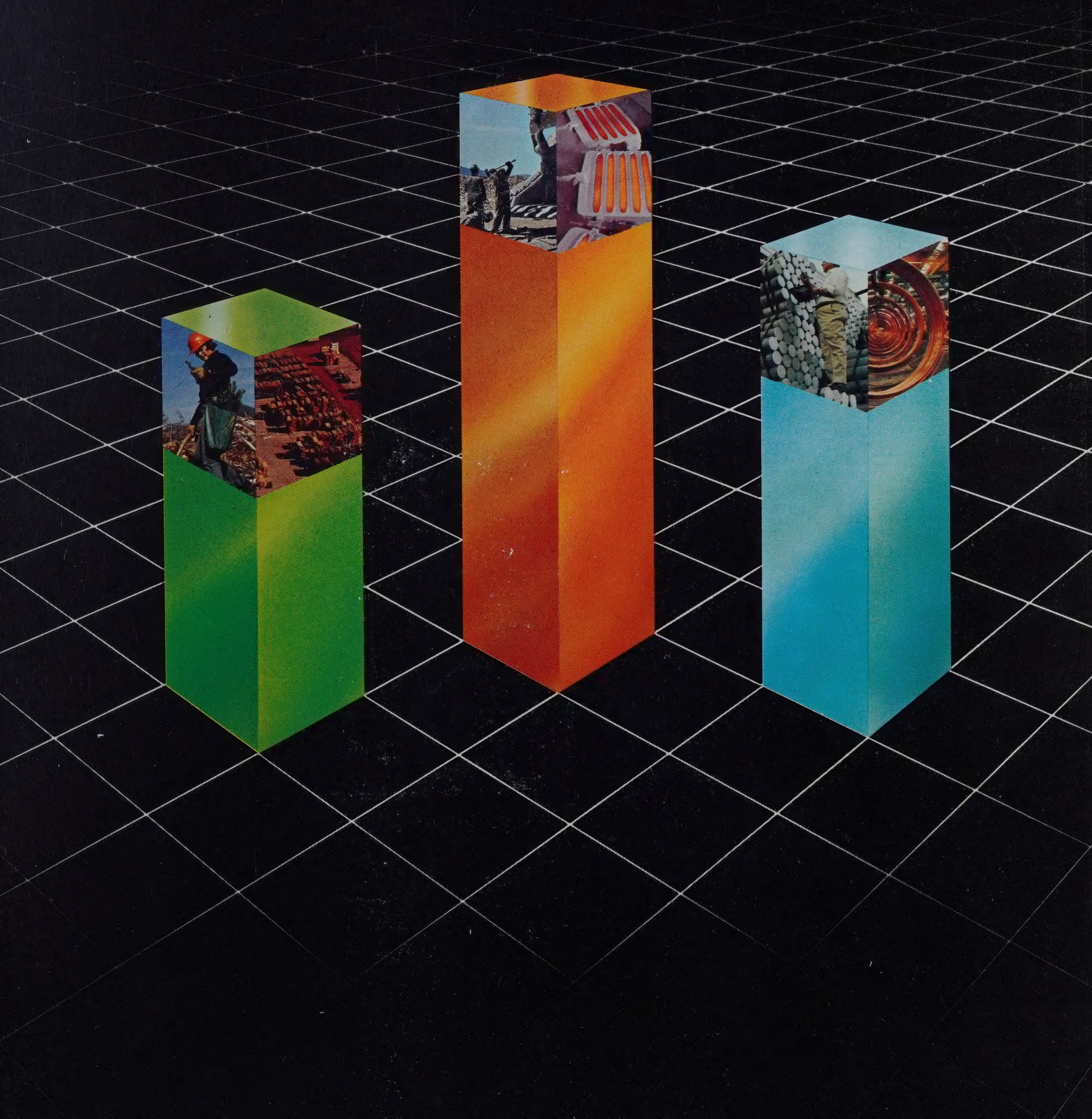
noranda
annual report 1975



Annual Meeting
April 30, 1976, 2:30 p.m.,
Royal York Hotel, Toronto

Head Office
P.O. Box 45, Commerce Court West,
Toronto, M5L 1B6

Transfer Agent & Registrar
Canada Permanent Trust Company,
Toronto, Vancouver, Calgary,
Saskatoon, Winnipeg, Montreal, Saint
John, N.B., Halifax, Charlottetown and
St. John's, Nfld.
The Chase Manhattan Bank,
New York, N.Y.

An English or French edition of this Report may be obtained from the head office of the Company at P.O. Box 45, Commerce Court West, Toronto, Ontario M5L 1B6

On peut se procurer la version française ou anglaise de ce rapport en en faisant la demande au siège social de la compagnie, B.P. 45, Commerce Court West, Toronto, Ontario M5L 1B6

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	Shareholders	Ownership
Canada	27,800	94%
U.S.A.	2,000	4%
Other	500	2%

Noranda is a diversified Canadian natural resource company engaged in three major areas of business:

- Mining/Smelting/Refining
- Manufacturing
- Forest Products

Employment

	Canada	Int'l
Mining/Smelting/ Refining	16,200	5,700
Manufacturing	4,900	5,400
Forest Products	10,000	1,100
	31,100	12,200

(Total for group and associates)

Wages and benefits paid

$334.9

Paid to employees for their services, of which a significant portion was in turn paid by them to Governments.

Provided for payments to governments

$56.0

Paid or provided for payment of direct taxes.

Dividends paid

$47.2

Paid to shareholders as a return on their investment.

$1376.2

Energy, supplies, services and other business costs

$860.0

Paid to others for their goods and services which;

- Assisted in employment within supplier firms and,
- Provided further revenue to Government from sales taxes as well as taxes on personal and corporate income.

Other sources of cash flow

Depreciation

$74.8

Representing the recovery of capital spent in previous years, and available to replace assets.

Retained earnings

$3.3

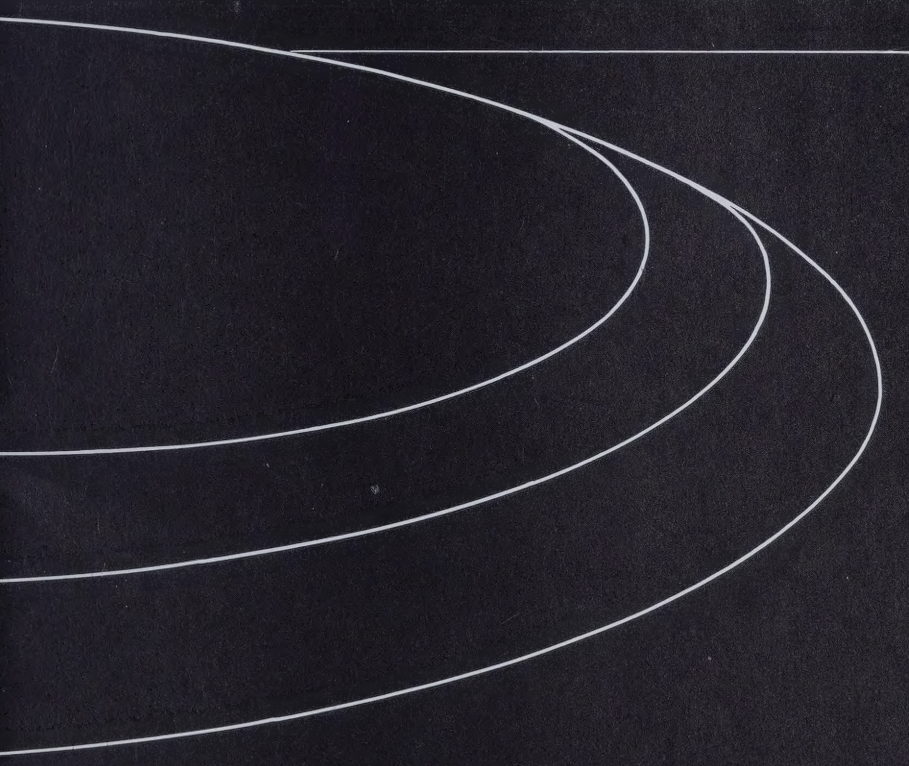
After taxes and dividends, there were virtually no earnings remaining for use in the business.

Distribution of Revenue on a Combined* Basis

(Millions of Dollars)	1966	1967	1968	1969	1970	1971	1972	1973	1974	**1975**
Revenue	342.0	455.0	525.5	578.9	610.7	632.0	758.5	1,101.7	1,375.8	**1,376.2**
Wages & Benefits Paid	66.4	78.6	88.4	118.5	130.5	148.0	175.3	210.4	260.5	**334.9**
Depreciation	19.8	23.8	26.9	31.7	38.7	44.3	46.2	63.7	75.5	**74.8**
Energy, Supplies, Services and Other Business Costs	164.0	254.1	311.7	316.6	326.2	329.8	411.6	614.9	742.6	**860.0**
Pre Tax Earnings	91.8	98.5	98.5	112.1	115.3	109.9	125.4	212.7	297.2	**106.5**
Provided For Payments to Governments	35.0	41.4	42.4	52.9	51.3	49.0	56.2	91.3	142.3	**56.0**
Earnings After Taxes	56.8	57.1	56.1	59.2	64.0	60.9	69.2	121.4	154.9	**50.5**
Re-Invested in the Business	34.8	35.0	31.6	32.8	36.8	31.9	40.5	88.5	112.6	**3.3**
Dividends Paid	22.0	22.1	24.5	26.4	27.2	29.0	28.7	32.9	42.3	**47.2**

*Includes Noranda's proportionate share of the above items for those companies not wholly owned.

1975 Distribution of revenue on a combined basis
(Millions of dollars)



Re-investment in business and repayment of debt

A company's main sources of cash flow — namely, retained earnings, depreciation charges and issue of new debt or equity shares — are required to repay old debt, replenish the needs of existing activity and develop new business.
Due to the impact of inflation, depreciation charges which are based on historical costs have become inadequate to provide for needed replacements of worn-out or depleted assets.

A profit is only real if it could all be paid out to shareholders without impairing the viability of the existing business. Since retained earnings must be used to support the maintenance of existing operations, earnings are overstated in real terms.

Profit and profit alone can supply the capital for tomorrow's jobs, both for more jobs and for better jobs.

Today's accountant or engineer does not make a better living than his grandfather on the farm because he works harder. He works far less hard. Nor does he deserve a better living because he is a better man. He is the same kind of human being as grandfather was, and grandfather's grandfather before him. He can be paid so much more and yet work so much less hard because the capital investment in him and his job is infinitely greater than that which financed his grandfather's job. In 1900, when grandfather started, capital investment per farmer was at most $5,000. To create the accountant's or engineer's job, society first invests at least $50,000 in capital and expenses for school and education. And then the employer invests another $25,000 to $50,000 per job. All of this investment that makes possible both additional and better jobs has to come out of the surplus of economic activity, that is, out of profits.

And finally profit pays for the economic satisfactions and services of a society, from health care to defense, and from education to the opera. They all have to be paid for out of the surplus of economic production, that is, out of the difference between the value produced by economic activity and its cost.

(Excerpt from: "Management — Tasks, Responsibilities, Practices", by: Peter F. Drucker.)

(Publishers: Harper & Row, Publishers, Inc., New York 1974.

Directors' report

Earnings & dividends

Noranda had a very poor year in 1975. Earnings dropped to $51 million, or $2.14 per share, compared to $155 million or $6.59 per share in 1974. Earnings after taxes of the various divisions were as follows:

Earnings per share		1975	1974	% Change 75 vs 74
From:	mining, smelting and refining	$2.41	$5.70	−58
	manufacturing	.98	1.68	−42
	forest products	.48	.48	—
		$3.87	$7.86	−51
Less:	common costs	1.73	1.27	+36
		2.14	6.59	−68

On the Class A shares, four quarterly dividends of 50¢ were paid for a total of $2.00 for the year compared with $1.80 in 1974. (Similar payments less 15% taxes were made to the holders of Class B shares.) However, the quarterly dividend payable in March, 1976 has been reduced to 30¢ on the Class A shares and 25½¢ on the Class B shares.

World economic conditions were badly depressed throughout the year. Unlike the experience in past recessions, the impact was not mitigated by Noranda's diversification, and significantly reduced demand and prices were experienced in almost all product lines. In addition, there was no moderation in the impact of inflation on operating costs.

All mining and metallurgical operations were severely affected. Early in the year, demand for many products evaporated as fabricators liquidated inventories. This in turn produced a build-up in stocks in the hands of producers, including Noranda. During the second half of the year, this build-up moderated due to production curtailments combined with some improvement in demand. For the year as

a whole, the results were lower production and prices, a large inventory accumulation, and higher costs. Production problems at Gaspé Copper continued. In addition, the vicious impact of the new tax systems in Canada was absorbed for the full year, with an effective overall tax rate on the Noranda group's mining operations of 66%. Mining exploration activity was maintained, and oil and gas exploration expenditures were increased.

Manufacturing operations were also severely affected by the general economic conditions, with brass mill and aluminum building products being particularly weak.

Demand and prices for lumber remained at depressed levels throughout the year, and some weakness developed in the market for pulp. The forest products industry in British Columbia was shut down by a labour dispute from mid July through mid October. Nevertheless earnings from forest products were maintained due to strong performances by Fraser Companies and Northwood Pulp.

Common costs were sharply higher, largely as a result of interest payments on the increased borrowings required to finance the capital expenditure program and inventory build-up.

In some cases, the adverse conditions encountered in 1975 served to highlight weaknesses in the basic position of certain operations, and changes in strategy were adopted to correct the fundamental problems. In addition, every effort has been made to control costs to the extent possible in an inflationary environment.

Financial position

In anticipation of the economic trends that developed during 1975, capital spending previously planned was reduced by $100 million. Despite this, capital expenditures for the year were a record $158 million. In part, this reflected the impact of inflation on the routine expenditures which are absolutely essential to maintain capacity and efficiency. The most significant factor, however, was the carryover of major projects begun in prior years — the expansions at Noranda Aluminum, Canadian Electrolytic Zinc and Brunswick Mining and Smelting and the new nuclear tube plant being constructed by Noranda Metal Industries. In addition, preproduction and exploration expenditures of $25 million were capitalized and long term investments of $31 million were made.

These expenditures, combined with the build-up in inventories and the sharp reduction in cash flow from operations, required substantial financing during 1975. Long-term debt rose by $150 million during the year and short term borrowings by $116 million. Major components of the increase in long-term debt were an $80 million U.S. issue by Noranda Aluminum to finance its expansion (of which the last $30 million was drawn down in February of 1976), a $30 million increase in Noranda's long term bank credits and a $25 million Eurocurrency issue. Subsequently, Fraser Companies arranged in early 1976 a $35 million private placement in the United States.

The net result was that Noranda's net working capital increased slightly to $188 million. Capital spending will be reduced in 1976 and only moderate net increases in borrowings are planned, largely by certain subsidiaries to finance ongoing capital projects.

Major developments

The 50% expansion of the Canadian Electrolytic Zinc plant at Valleyfield to a capacity of 225,000 tons per year was substantially complete by the year end. Reflecting inflation and the apalling construction labour situation in Quebec, the final cost of this program was close to $61 million, double the original estimate. Noranda's direct interest in this operation is now 22.67% and its total beneficial interest 55.9%.

Sinking of the second shaft at the Brunswick number 12 mine continued throughout the year. This program, which will result in expanded production in the late 1970's, is generally on schedule with costs remaining reasonably close to the $48 million budget. Brunswick has also embarked on a study of the feasibility of an electrolytic zinc plant in New Brunswick.

During 1975, Noranda acquired a 51% interest in a reserve of phosphate rock in Florida for $9 million, and extensions to this reserve were subsequently acquired at a net cost of $2 million. Work is underway on the delineation of these reserves, and an engineering and feasibility study is being undertaken.

Noranda has a 20% interest in Tara Exploration and Development, and in addition has made advances of $23 million secured by Tara shares most or all of which may be repaid through purchase of those shares. Whether or not such shares are acquired, Noranda and certain other shareholders together own more than 50% of Tara's outstanding stock and have agreed to cooperate in support of the company's Irish management. The mining lease on Tara's major zinc-lead deposit in Ireland was finally issued in September and work on developing the mine for production has been resumed, with first production scheduled in 1977. Arrangements for financing this project, which will involve aggregate expenditures close to $150 million, are underway.

The doubling of Noranda Aluminum's capacity at New Madrid, Mo. to 140,000 tons per year is on schedule at a cost close to the budget of $82 million. Production from this enlarged capacity will be available during the second half of 1976. Noranda Metal Industries new $23 million nuclear tube plant at Arnprior, Ont. is in partial production.

Fraser Companies has embarked on a $91 million three-year program to improve efficiency and environmental control and to increase both quality and capacity at its bleached sulphite pulp mill at Edmundston, N.B. British Columbia Forest Products is investigating participation in a major new bleached sulphate pulp project near St. Felicien, Que.

The government of Saskatchewan announced in November its intention to nationalize some or all of the potash mines operating in that province. Previously, a complex new system of taxation had been imposed which resulted in taxes of more than 80% of profits. Having thus made it impossible for the industry to earn a reasonable rate of return on investment, the government apparently became concerned because operations in the province were not being expanded. It examined and rejected on grounds of cost and risk the possibility of developing a mine of its own, and then decided on a partial or complete takeover of existing operations. Whether the Central Canada Potash operation will be affected is presently unknown.

Anti-inflation program

In October, the federal government announced what amounts to price and wage controls on all significant elements of the private sector in Canada. Apparently, operations which can allocate costs to individual products will only be permitted to pass on increases in unit costs, while operations which cannot do so must price their products in such a way as to leave their percentage pretax margin no higher than 95% of the average over a base period. Firms supplying export markets are expected to sell at international prices, but such prices may be higher than will be permitted for the same product in the domestic market. In such circumstances, suppliers to the domestic market would be expected to ensure that all requirements in Canada are met before exports would be permitted. The result would be that suppliers to the domestic market would be heavily penalized.

These controls were introduced at a time when many sectors of Canada's resource industries were experiencing the worst economic conditions since the 1930's. For operations in a loss position when the controls were announced, restoration of profits to reasonable levels may not be permitted. Noranda's other concerns regarding this program relate to the inappropriateness of the proposed pricing mechanism for resource products, the enormous problems inherent in the operation of a two-price system for commodities and the apparent lack of any recognition of the need for a reasonable return on existing or new investment.

Because of the enormous complexity of this program, considerably more

Outlook

These controls do not present any apparent immediate problems for Noranda, since the economic recovery has not yet progressed to the point where price increases are possible. The massive shift of inventories of most mine products from fabricators to producers has run its course, and shipments are now more in line with actual consumption. However, the recovery in the levels of consumption has been slow, and a significant improvement in prices will not occur until excessive inventory levels have been reduced.

Current prices for many basic commodities are uneconomic for most existing operations and totally inadequate to justify new production. As a result, a substantial increase in world prices must occur at some point during the current economic recovery. However, the extent to which price controls will permit Canadian producers to benefit from such increases is unknown.

The level of Noranda's earnings during 1975 was totally unsatisfactory by any yardstick. In fact, if accounts were properly adjusted to reflect the impact of inflation, there would be no real earnings from operations. Although the worst of the economic recession has been passed, at the moment the prospects for a really significant recovery in earnings in 1976 do not appear to be good.

In these circumstances, 1976 will be a year of pause for Noranda, in which emphasis will be placed on improving efficiency and financial strength. Aside from those presently committed, no major new projects will be undertaken in Canada, and capital spending will be limited to programs which are essential to the maintenance of productive capacity.

On behalf of the board,

President.

February 17, 1976
Toronto, Ontario.

Directors

James C. Dudley,
President, Dudley & Wilkinson Inc. New York
Elected 1970

Louis Hébert,
Chairman and Chief Executive Officer,
Banque Canadienne Nationale,
Montreal
Elected 1968

***William James,**
Executive Vice-President,
Noranda Mines, Toronto
Elected 1968

***A. J. Little,**
Company Director, Toronto
Elected 1974

L. G. Lumbers,
Chairman, Noranda Manufacturing Ltd.
Toronto
Elected 1962

Thomas H. McClelland,
Chairman, Placer Development Ltd.
Vancouver
Elected 1975

D. E. Mitchell,
President and Chief Executive Officer,
Alberta Energy Company Ltd., Calgary,
Elected 1973

André Monast,
Partner — St. Laurent, Monast,
Walters and Vallieres,
Quebec
Elected 1966

***Alfred Powis,**
President and Chief Executive Officer,
Noranda Mines, Toronto
Elected 1964

***W. S. Row,**
Chairman, Noranda Mines,
Toronto
Elected 1960

***W. P. Wilder,**
Chairman, Canadian Arctic Gas Pipeline
Limited, Toronto
Elected 1966

***Adam H. Zimmerman,**
Executive Vice-President,
Noranda Mines, Toronto
Elected 1974

**Member of the Executive Committee*

Honorary directors

J. R. Bradfield, Honorary Chairman
F. M. Connell
A. O. Dufresne
R. V. Porritt
J. D. Simpson
L. H. Timmins

Officers

Alfred Powis,
President and Chief Executive Officer

W. S. Row,
Chairman

William James,
Executive Vice-President

Adam H. Zimmerman,
Executive Vice-President

J. N. Anderson,
Vice-President — Metallurgy

R. C. Ashenhurst,
Secretary

E. K. Cork,
Vice-President — Treasurer

D. H. Ford,
Vice-President — Comptroller

J. A. Hall,
Vice-President — Mine Projects

K. C. Hendrick,
Vice-President — Sales

J. O. Hinds,
Executive Assistant to the President

R. L. Pepall,
General Counsel

R. P. Riggin,
Vice-President — Corporate Relations

D. E. G. Schmitt,
Vice-President — Mines

B. H. Grose,
Assistant Secretary

W. J. Barbour,
Assistant Treasurer

B. C. Bone,
Assistant Treasurer

Mineral Gas & Oil Exploration

Mineral exploration expenditures totalled $20.6 million as compared with $17.9 million in 1974. Of the total, 48% was spent in Canada, 31% in the U.S.A., 4% in Australia, 6% for ocean mining and the balance in other countries.

Feasibility reports are being prepared on copper/zinc properties in Canada and the U.S.A. and a lead/zinc property in Ireland. Acquisitions included base metal claims in Canada and the U.S.A., uranium claims in various parts of Canada and potash and phosphate properties in the U.S.A. Negotiations were undertaken in respect to the Andacollo porphyry copper deposit in Chile and base metal prospects in Saudi Arabia, Cyprus and Korea. Noranda Phosphate, Inc. was formed to acquire a 51% interest in New Jersey Zinc's phosphate property in DeSoto County, Florida and neighbouring prospective land was subsequently acquired by the joint venture.

The newly elected government in Australia has stated its policy is to allow uranium deposits in the Northern Territory to be brought into production. Accordingly negotiations to obtain a mining license for the Koongarra property were renewed.

The first phase of a 5-year research and development program to determine the technical and economic feasibility of mining nickel-copper enriched manganese nodules from the ocean floor was completed on schedule. The technical feasibility of harvesting nodules at depths in excess of 15,000 feet was successfully demonstrated and improvements to the hydrometallurgical process revealed commercial recoveries of nickel and copper at reduced energy consumption levels. The second phase of the program is concentrating on major component testing in preparation for the development of prototype equipment. Noranda continues to have a 10% interest in this venture.

Canadian Hunter

About $31 million has been invested in oil and gas exploration and development over the last 2½ years. Expenditures during 1975 were approximately $14.0 million, comprising $6.1 million for land acquisitions and exploratory drilling and $7.9 million for oil and gas field development.

Participation in 56 wells resulted in the discovery of new gas zones and increased reserves.

Gross working interest in oil production is averaging 1,020 barrels per day, of which approximately 60% is from the Lloydminster heavy crude producing area.

Gas sales from the Siphon field in north eastern British Columbia and at Kipp in southern Alberta commenced during the first half of 1975. Gross working interest production is 8 million cubic feet per day, but will increase to 28 million cubic feet when the remainder of the Kipp-Coaldale field is put on production in 1976.

Proven drilled reserves as of December 31, 1975 were 2.7 million barrels of oil and 85 billion cubic feet of gas. Land holdings are about 1.0 million acres.

Panarctic Oils (4.49%)

Noranda contributions over the past eight years have been $6.6 million.

A consultant's appraisal of the six gas accumulations discovered to date in the Arctic Islands estimated "most likely" reserves at nearly 12 trillion cubic feet of recoverable pipeline quality gas, about half the volume required to justify a gas pipeline. Pipeline studies are continuing under the auspices of the Polar Gas Project.

Bent Horn F-72A, the second well to establish Devonian oil production on Cameron Island, is capable of producing 4,000 to 5,000 barrels per day. A follow-up well is being drilled 6 miles to the West.

The 1976 budget for the participants is $25 million, the same as 1975.

Noranda-interests

Summary of Canadian Mine Production

Mines	Ore Treated (Tons)	Product: Copper (Tons)	Zinc (Tons)	Lead (Tons)	Silver (Oz.)	Gold (Oz.)	Molebdenum (Tons)	Potash (Tons of Muriate)
Noranda*	7,696,000	53,000	44,500	900	1,680,000	70,000	1,206	
Gaspé	10,994,000	48,000						
Brenda	10,049,000	16,600					4,200	
Brunswick	3,427,000	5,600	184,000	59,700	4,441,000			
Central Canada Potash	3,060,000							1,154,600
Kerr**	483,000	1,600	7,875		60,000	103,000		
Mattagami Lake***	2,361,000	14,700	154,800	2,000	2,390,000			
Orchan	422,000	4,300	16,500		66,000			
Pamour Porcupine	1,914,000	3,900			63,000	150,000		
Placer****	22,866,000	68,600					7,550	

Summary of Smelting and Refining Production

Smelters and Refiners	Material Treated (Tons)	Product: Copper (Tons)	Zinc (Tons)	Lead (Tons)	Silver (Oz.)	Gold (Oz.)	Cadmium (Lbs.)
Horne	1,333,000	231,000					
Gaspé Copper	386,000	73,200					
Canadian Copper Refiners		395,000			19,835,000	346,000	
Canadian Electrolytic Zinc			117,700				401,000
Brunswick-Smelting				50,900	2,195,000		

1. Operators control dumping of ore into primary crusher.
2. Maintenance men replacing teeth in bucket of large shovel.
3. Molten copper in wire bar molds.

*Horne, Geco, Bell Copper, Boss Mountain

**Kerr, Normetal, Joutel, Icon/Sullivan

***Mattagami, Mattabi

****Endako, Craigmont, Gibraltar

Mining, Smelting and Refining

Applying the skills of 22,000 people

Revenue	$666,042,000
Earnings Contribution (before common costs)	$ 56,753,000

Mining

The Noranda Group and its associated companies operate twenty-six mines in Canada and abroad. Production figures from the Canadian mining operations are shown in detail on the accompanying summary. A substantial portion of this mine production is smelted and refined at group facilities in Canada.

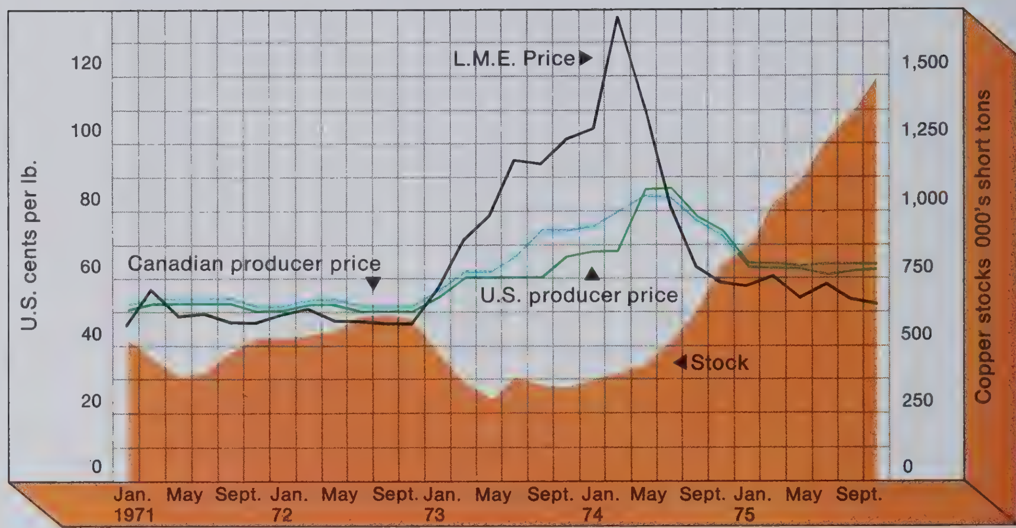
Smelting & refining

Noranda's policy over its corporate history has been one of further processing its mine products through smelting and refining operations. The Horne smelter's annual rated capacity is 240,000 tons of copper per year and Gaspé Copper's is 90,000 tons. Both smelters treat substantial tonnage of concentrate from mines that are not associates of Noranda. Annual capacity of Canadian Copper Refiners is 480,000 tons of refined copper, Canadian Electrolytic Zinc, 225,000 tons of slab zinc and Brunswick Mining and Smelting, 60,000 tons of lead metal. Further processing and fabricating is done by the manufacturing group of companies.

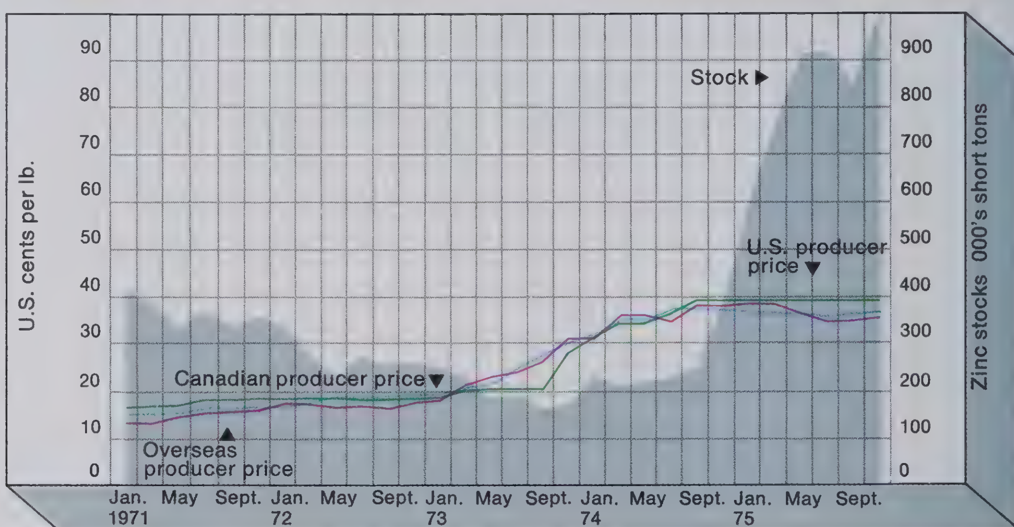
Marketing

The 23 products produced in Noranda's smelting and refining facilities are sold by Noranda Sales Corporation Ltd. from Toronto and London, England, to customers in 45 countries. Overall, Noranda Sales markets for 43 Canadian mining and metal companies, including members of the Noranda Group. It is also a 50% partner in Rudolf Wolff & Co. Ltd., a leading London Metal Exchange broker and physical trading company with offices in London, New York, Dusseldorf, Dublin, Melbourne and Hong Kong.

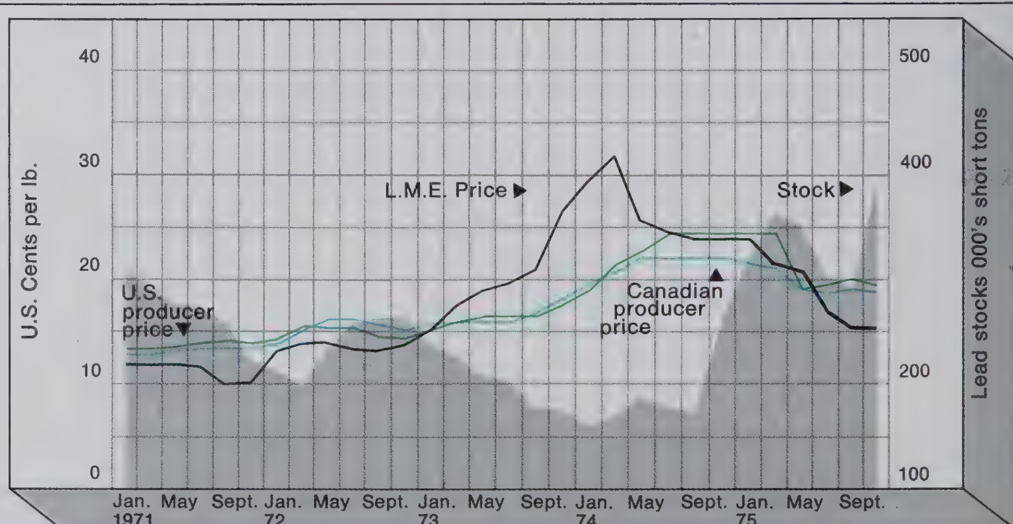
Markets



L.M.E. Price
Canadian producer price
U.S. producer price
Stock
U.S. cents per lb.
Copper stocks 000's short tons
120
100
80
60
40
20
0
1,500
1,250
1,000
750
500
250
0
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.



Stock
U.S. producer price
Canadian producer price
Overseas producer price
U.S. cents per lb.
Zinc stocks 000's short tons
90
80
70
60
50
40
30
20
10
0
900
800
700
600
500
400
300
200
100
0
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.



L.M.E. Price
Stock
U.S. producer price
Canadian producer price
U.S. Cents per lb.
Lead stocks 000's short tons
40
30
20
10
0
500
400
200
100
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.

Copper

Western World Balance	(000's Short Tons) 1973	1974	1975
Supply	7,350	7,730	6,800
Consumption	7,650	7,280	6,100
Year-end stocks	350	800	1,500

The wide swings in the London Metal Exchange quotations over the past five years demonstrate the cyclical character of the copper market. Price changes reflect supply-demand imbalances and the resultant increase or decrease in stocks.

Consumption of refined copper declined 16% to 6,100,000 tons and industry stocks increased to 1,500,000 tons. Prices remained at depressed levels throughout 1975 and were 63⅝¢ per pound in the United States, 63⅜¢ in Canada and 53¼¢ overseas at year end.

Demand in the United States improved over the second half as the economy moved out of recession. However, in the absence of further reductions in production, stocks will continue to accumulate until the European economies recover.

Zinc

Western World Balance	(000's Short Tons) 1973	1974	1975
Supply	5,100	5,200	4,400
Consumption	5,400	5,000	3,800
Year-end stocks	200	400	1,000

Zinc consumption fell sharply in the first half due to lower activity in the housing, construction and automotive industries. In addition, there was a sharp shift in inventories from end users to producers. By mid year, production had fallen to 60-70% of capacity and stocks had stabilized at about 1,000,000 tons.

Prices in the United States and Canada remained at 39¢ and 37¢ per pound, respectively throughout 1975. The U.S. price was reduced to 37¢ in January this year. The overseas price was increased from £360 to £390 per metric ton in October and then changed to US $795 to offset the decline in sterling.

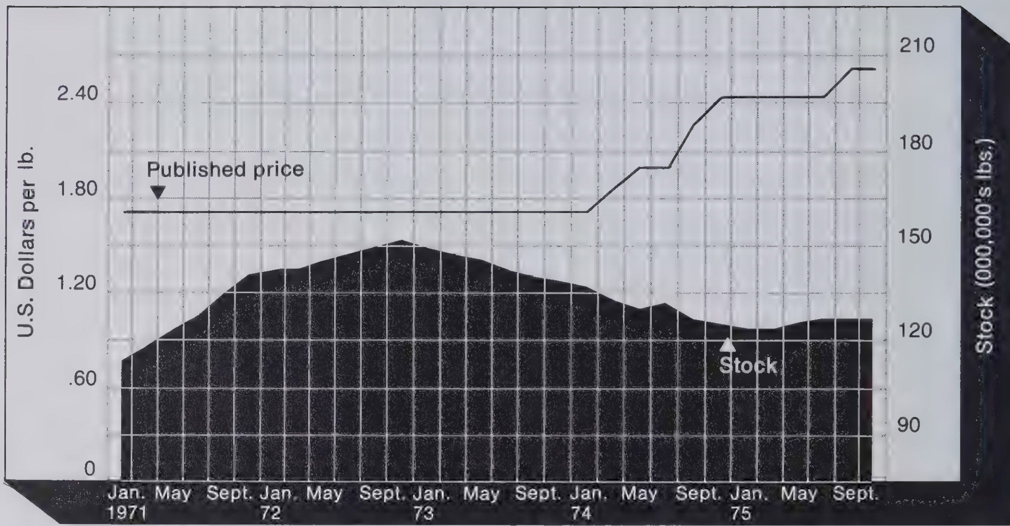
Lead

Western World Balance	(000's Short Tons) 1973	1974	1975
Supply	4,150	4,200	3,600
Consumption	4,100	4,100	3,500
Year-end stocks	200	300	400

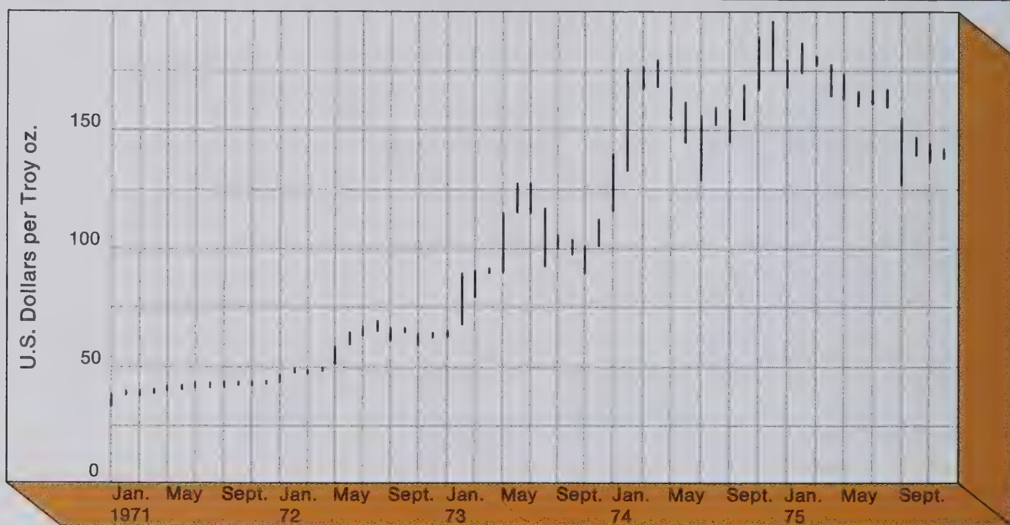
The market is heavily influenced by secondary lead which accounts for about 40% of total availability. London Metal Exchange lead quotations are extremely sensitive to changes in supply.

Although the major market for lead acid batteries was maintained in 1975, total consumption declined 15%. Due to the absence of new metal production and curtailments by many producers in the United States, Japan and Europe, market balance was maintained. However, London Metal Exchange stocks rose by 70,000 tons and overseas prices fell from 25¢ per pound in March to 15¢ in December. U.S. and Canadian prices were reduced from 24½¢ and 21½¢, respectively, to 19¢ and 18½¢.

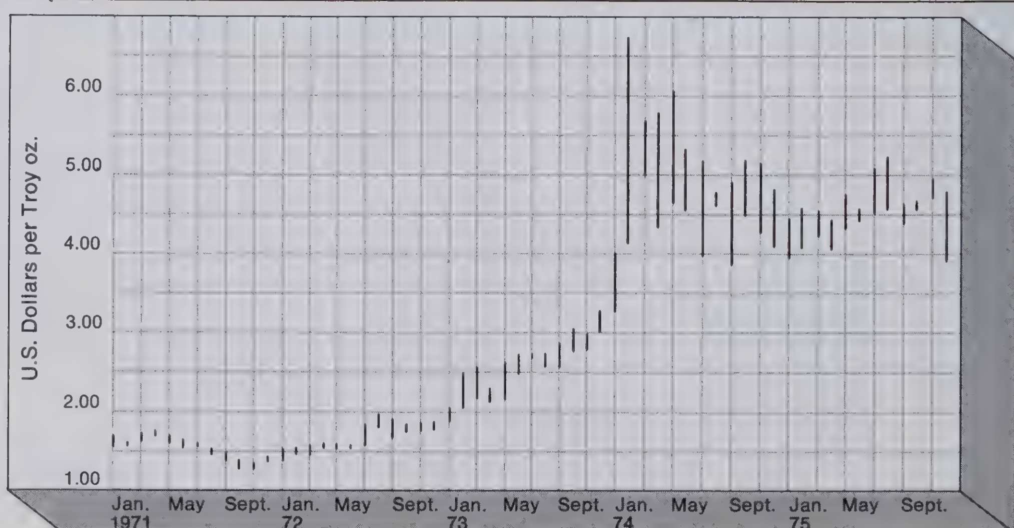
Markets



U.S. Dollars per lb.
2.40
1.80
1.20
.60
0
Published price
Stock
210
180
150
120
90
Stock (000,000's lbs.)
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.



U.S. Dollars per Troy oz.
150
100
50
0
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.



U.S. Dollars per Troy oz.
6.00
5.00
4.00
3.00
2.00
1.00
Jan. 1971
May
Sept.
Jan. 72
May
Sept.
Jan. 73
May
Sept.
Jan. 74
May
Sept.
Jan. 75
May
Sept.

Molybdenum

Western World Balance	(000,000's lbs.) 1973	1974	1975
Supply	153	166	160
Consumption	165	180	158
Year-end stocks	134	120	122

While there was a significant contraction in the demand for stainless and special steels, new requirements for molybdenum bearing steels used in natural gas pipelines and other energy related applications limited the decline in consumption to 12%. Inventories were basically unchanged and with production costs continuing to rise, prices increased in October from US $2.43 to $2.62 per pound of molybdenum in concentrate.

Aluminum

Western World Balance (000's of Short Tons)	1973	1974	1975
Supply	11,000	12,700	10,700
Consumption	12,500	12,000	9,600
Year-end stocks	3,000	3,700	4,800

Total U.S. domestic shipments fell 28% to 5 million tons in 1975. Smelter operating rates were cut back severely to an average of 77% which limited the inventory build-up over the year to 350,000 tons. Overseas, the stock increase was greater as production was maintained at higher levels and widespread discounting continues.

With increased bauxite and power costs, the U.S. price was increased from 39¢ to 41¢ in September.

Gold

Western World Balance (000,000's of Troy Ounces)	1972	1973	1974	1975
Supply	40.0	44.0	40.0	39.0
Consumption	43.0	27.0	23.0	22.0
Surplus (Deficit)	(3.0)	17.0	17.0	17.0

Since the rise in prices starting in 1972, there has been a substantial drop in gold consumption for industrial and jewelry applications. The resultant surpluses were absorbed by investors and speculators until last year when the expected interest in gold ownership by U.S. citizens did not develop, the U.S. dollar strengthened and inflationary pressures eased. The market weakened further with the uncertainty surrounding the disposal of 25 million troy ounces by the International Monetary Fund. Prices declined from US $185 per troy ounce in January to a low of $129 in September before recovering to $140 at the year end.

Potash

Western World Balance (000's of Short Tons) Year ending June 30	1973	1974	1975
Supply	22,270	24,360	26,410
Consumption	22,240	24,480	24,570
Surplus/(Deficit)	30	(120)	1,840

Shipments of Saskatchewan potash were maintained at high levels through June. Then the seasonal downturn, combined with production at an annual rate of 10 million tons, resulted in an inventory build-up of 1.7 million tons. Total shipments were 8.3 million, compared with 10.7 million in 1974.

The price for standard grade increased from 57¢ to 70¢ per unit K_2O in the 15 month period to September where it remained to year-end.

Silver

Western World Balance (000,000's of Troy Ounces)	1972	1973	1974	1975
Mine production	249	255	240	230
Secondary	109	165	182	166
	358	420	422	396
Consumption	426	493	457	400
(Deficit)	(68)	(73)	(35)	(4)

The persistent shortfall in mine production is covered primarily from secondary sources with additional quantities, as required, from investment holdings. With lower industrial requirements in 1975, the need for supplementary supplies was small.

Prices moved from $4.00 per troy ounce in January to a high of $5.22 in August and then fell back to $3.93 in December.

Phosphates

Western World Balance (000's Short Tons) Year ending June 30	1973	1974	1975
Supply	27,610	29,130	29,740
Consumption	27,120	28,730	27,270
Surplus	490	400	2,470

Phosphate product prices doubled in 1974 under conditions of shortage. These price levels discouraged usage in 1975, particularly overseas. The resultant surplus was accentuated by new capacity and prices dropped back to the 1973 levels which are uneconomic at the current higher raw material costs.

Manufacturing

Revenue —	$540,000,000
Earnings Contribution — (before common cost)	$ 23,286,000

Noranda's manufacturing activities as they presently stand are the result of a 40-year-old policy of "full integration". This conceptually sound structure was severly tested in the depressed conditions of 1975. Total sales were 20% less than the year before, and prices weakened with lower demand. Total hours worked were just 84% of the prior year. Capital expenditures were limited to those projects deemed absolutely essential to maintenance of business and these, together with two major and irreversible capital projects, meant that the manufacturing group consumed virtually all the cash it generated.

The Company's aggregate investment in manufacturing facilities now stands at $300 million, about $150 million in Canada and the remainder geographically diversified in 12 countries.

All of these operations are related to Noranda's basic mining activities; however, in some cases they have reached a size from which growth in the Canadian market is limited. Their efficiency must be measured against competition both from other companies in Canada and comparable industrial sectors in other countries. In this connection it is worth noting that the rate of increase in unit labour costs in the past ten years is hobbling Canada's ability to compete in manufactured items. For the opposite reason Noranda's manufacturing associates in Mexico and South America have been unusually successful.

	Employment		
	Canada	Int'l	Metal Consumed
			Tons
Canada Wire and Cable	2,300	3,300	70,000
Noranda Metal	1,000	100	34,000
			Product Shipped
			Tons
Noranda Aluminum & Norandex	—	1,600	66,000
Grandview & Canplas	350	—	11,000
Quebec Iron Foundries	300	—	42,000
Wire Rope Industries and Bridon-American	800	400	52,000

Refining

Fabricating

Copper — Canada Wire and Cable
— Noranda Metal Industries

Aluminum — Canada Wire and Cable
— Noranda Aluminum
— Norandex

Other

Wire Rope — Bridon-American
— Wire Rope Industries

Plastics — Canplas Industries
— Grandview Industries

Grinding Media — Quebec Iron Foundries

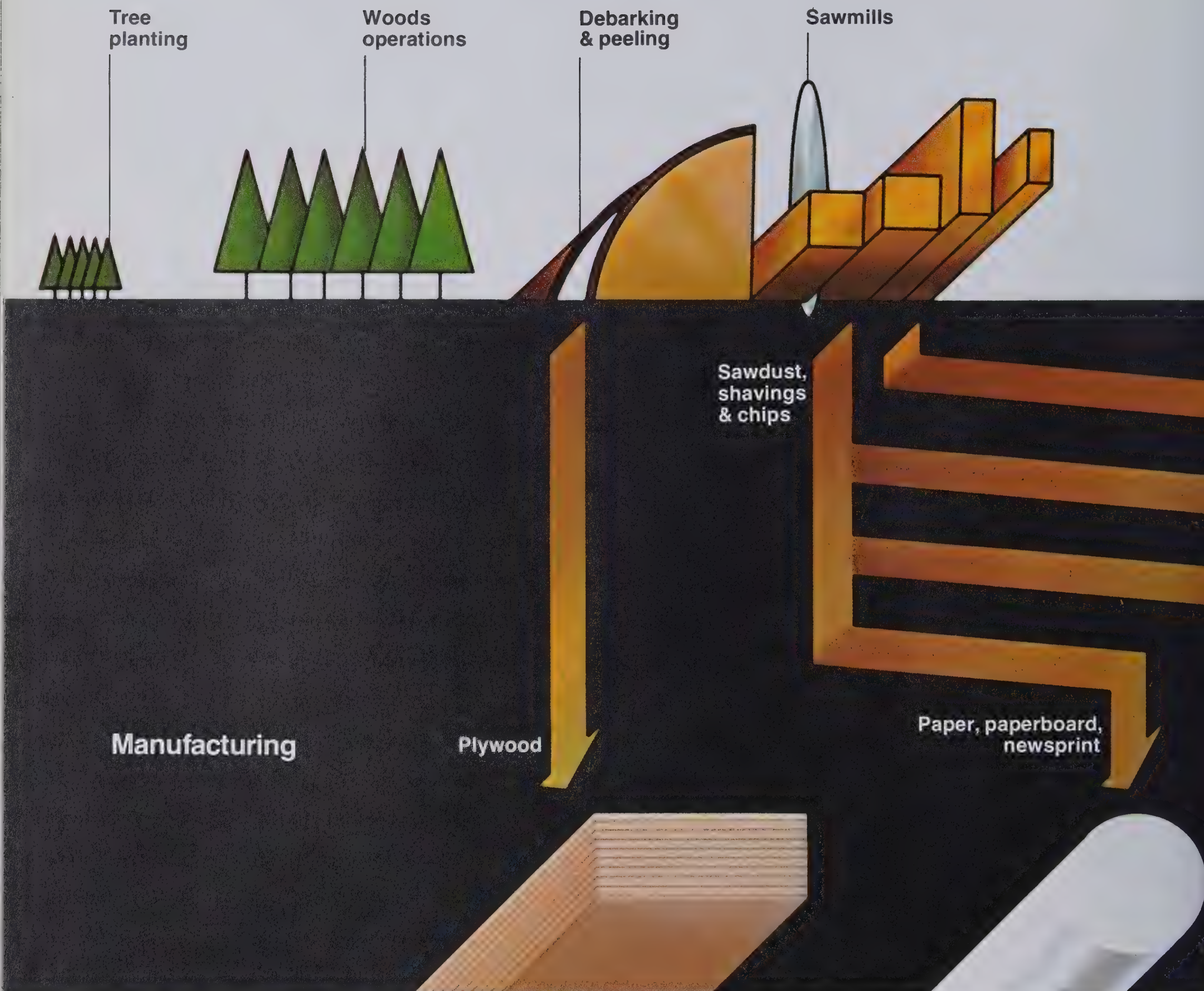
Stock of aluminum ingots.

Copper tube production line.

Applying aluminum sheath to an insulated copper conductor in extrusion press.

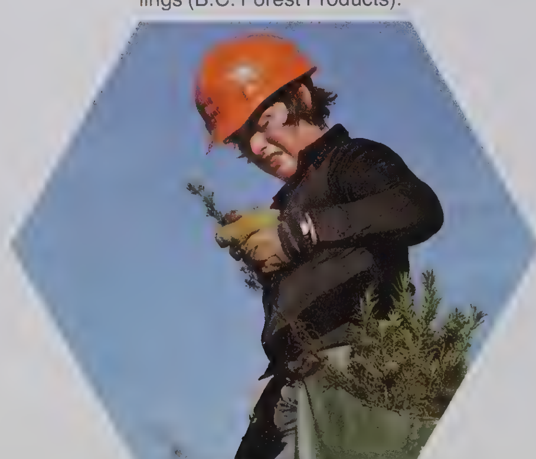
Applying the skills of 10,000 people

Forest products



Applying the skills of 11,000 people

Planting Douglas fir seedlings (B.C. Forest Products).



Groundwood grade paper in reeling area (Fraser Companies).

Revenue	$372,664,000
Earnings Contribution (before common costs)	$ 11,232,000

Production	Lumber MM fbm	Market Pulp (000 tons)	Paper Products (000 tons)
Total	822.4	578.8	524.4
Noranda's Interest	374.9	215.6	237.3

Since early 1961 Noranda has invested $116,000,000 by way of shares and advances in the forest products industry. Net interest in the various operations combine to a rank of about eighth in sales for Canadian producers.

More important is the integration of the Company's overall position and geographical location of the various operations, which provided the balance necessary to withstand the combination of work stoppages and depressed market conditions that plagued the industry in 1975.

Markets

Wood products

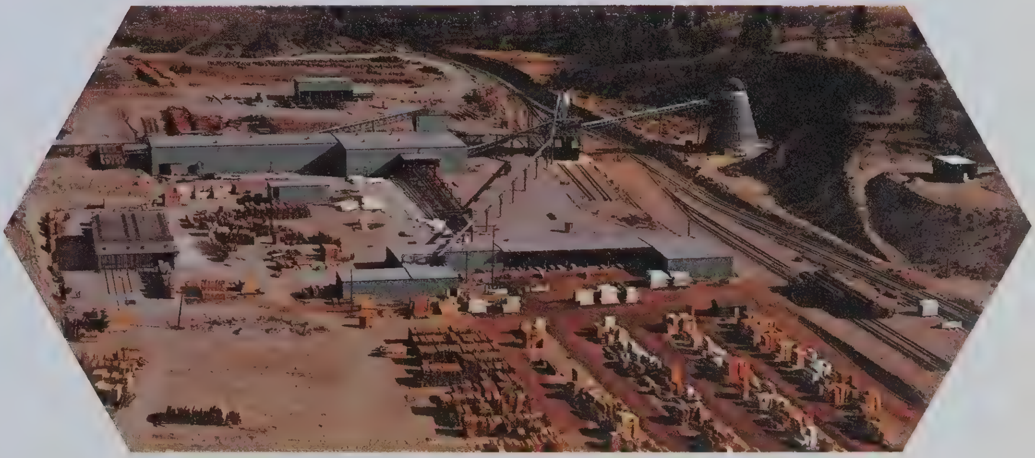
The mild market strengthening predicted a year ago did not materialize sufficiently to offset rising production costs and below capacity production. Demand for lumber is dependent on U.S. housing starts which are projected to be 25% higher in 1976.

Pulp and Paper

Price levels were maintained in the face of high inventories, and unused production capacity. Work stoppages affected much of the industry in both the United States and Canada. Paper markets were sustained by the high costs involved in much of the available production and by the improvement in the latter part of the year in U.S. industrial activity.

Wood chips being screened for size (Northwood Pulp and Timber).

Sawmill at Okanagan Falls, B.C. (Northwood Mills).



Environmental control

Occupational health matters are receiving increased attention through modifications to plant and equipment, monitoring and research. One of the areas receiving attention is reduction of noise levels to prevent hearing loss. This is done through sound level surveys followed by abatement measures or improved ear protection. In addition, a special project section has been set up at the Noranda Research Centre to enhance expertise in methods to decrease employee exposure to excessive noise.

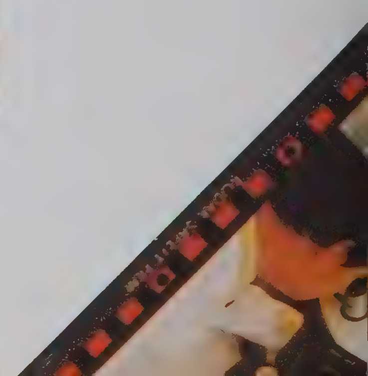
Research projects on cyanide destruction and thiosalt control in effluents, as well as the development of methods to establish vegetative cover on acidic mine wastes are being continued. Study of the corrosive effects of chloride ions on various metals has been re-activated.

Environmental control measures have been made a vital requirement for all pre-operational studies. Following completion of the studies, comprehensive reports are prepared for the appropriate government departments or agencies and Noranda group personnel collaborate regularly with the authorities in the planning of projects.

During the past five years, capital expenditures for emission controls, including acid plants, have exceeded $51,000,000.

Northwood Pulp and Timber Limited, Prince George, British Columbia, received the Industrial Pollution Control Award "For Outstanding Pollution Control Achievement" presented annually by the Pacific Northwest Pollution Control Association.

The photo shows the effluent treatment facilities which went into operation late 1974.



Research

In addition to developing new technology, the Noranda Research Centre also works closely with Noranda Group Companies in improving the efficiency of existing operations. These joint efforts have included computer control systems for the grinding circuits at Brenda Mines and for the Noranda Continuous Smelter. Increasing use is being made by the Group Companies of special purpose instruments built at the Research Centre, particularly in the area of concentrator operations.

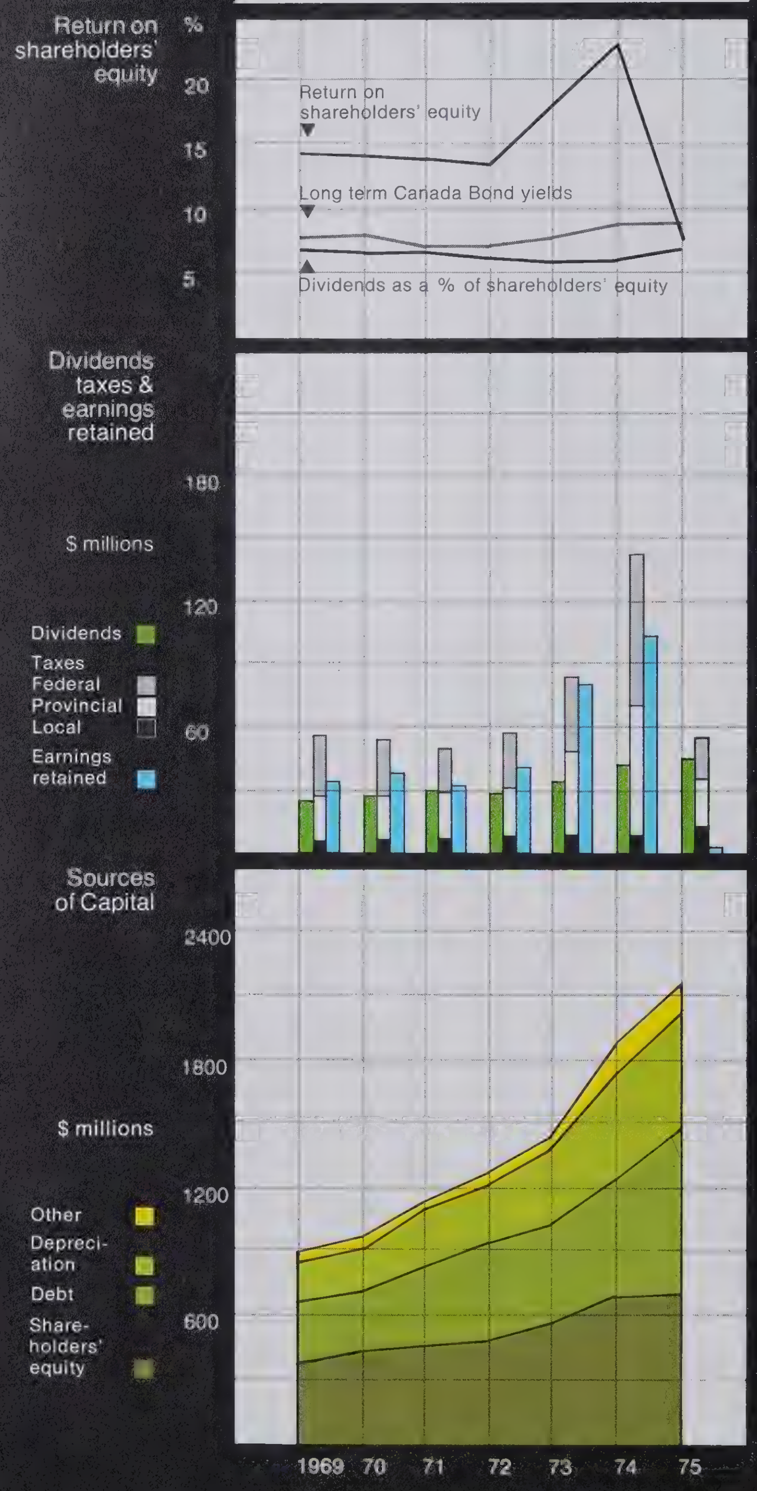
A novel electrolytic method to remove copper and arsenic from copper refinery electrolyte was recently developed at the Centre. This method increases the efficiency and safety of the process and is now in operation at Canadian Copper Refiners.

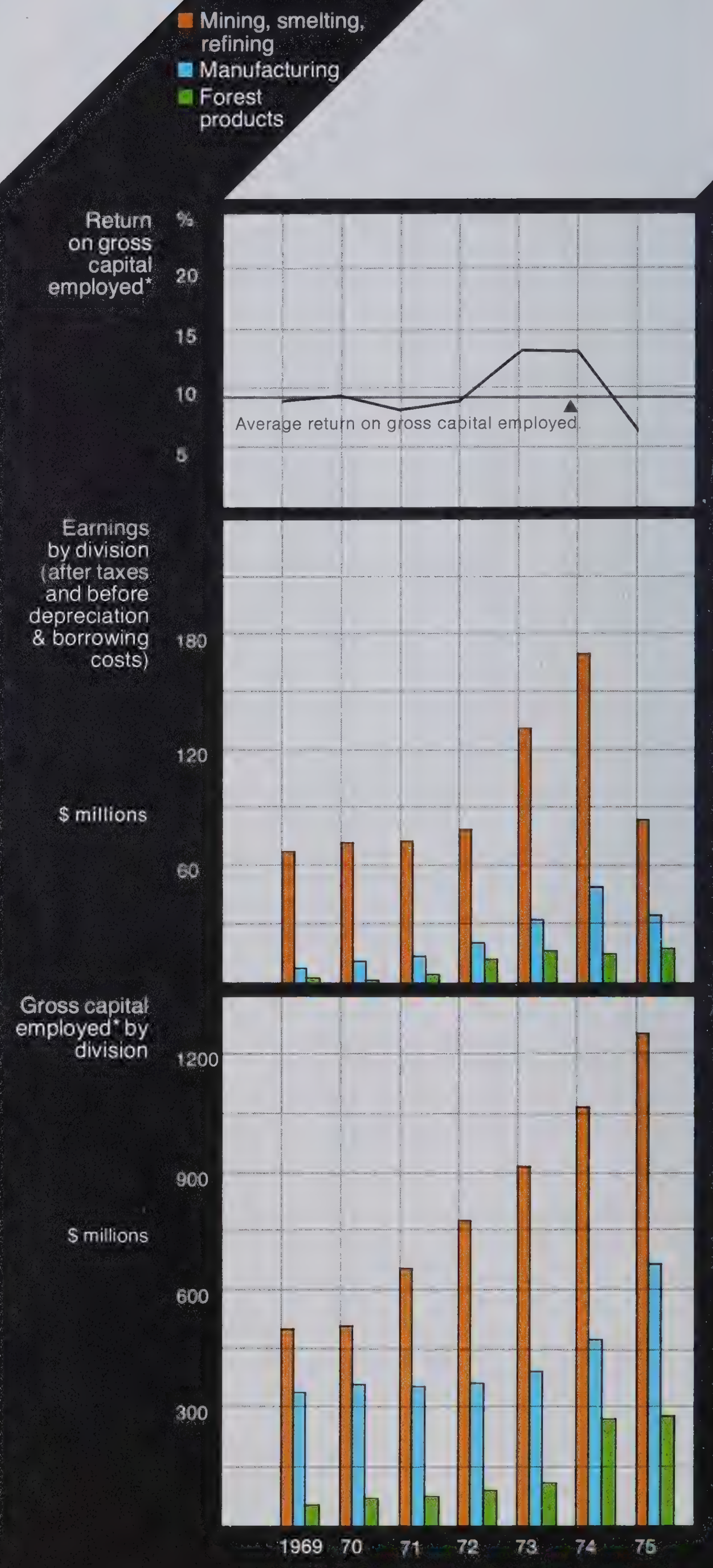
Research continues in such diverse fields as: improvement of the working environment for underground miners; control of thiosalts in liquid effluents from mineral concentrators; and improved grinding alloys. Experiments in better heat transfer for forged finned tubing are proving beneficial.
The staff totals 152 persons, of whom 68 are scientists. Operating expenditures for the year were $2.9 million.

Canada Wire and Cable continues to carry out a varied and substantial program at the Research Centre. Results from a fibre optics project confirmed the ability to produce high-strength optical fibres using a new proprietary process; major markets for this product are expected to develop in CATV, computer systems, and telecommunications. A new electrostatic powder deposition process was applied successfully in the manufacture of transposable magnet wire. Other important developments took place in polymer and dielectric, electrochemistry, and solid state chemistry projects.

Financial review

Data presented in these graphs have been prepared using historical costs as a base. The effects of inflation have not been taken into account.





*Includes operating working capital, fixed assets at cost, investments and other assets at book values.

Accounting policies

Basis of presentation of financial statements

The accompanying financial statements include, on a consolidated basis, the accounts of Noranda Mines Limited (the Company) and all of its subsidiaries. Noranda's interests in associated companies in which it has significant influence but not majority share ownership are accounted for on the basis of cost plus the Company's equity in undistributed earnings of such companies since the dates of investment.

Other long-term investments are carried at cost less any amounts written off.

Certain subsidiary and associated companies own shares in the Company. The Company's proportionate interest in the carrying value of such shares has been deducted from shareholder's equity. Similarly the Company's earnings per share have been calculated on the number of shares outstanding after reduction for such intercompany holdings.

Translation of foreign currencies

Foreign currency assets and liabilities of the Company and its domestic subsidiaries are translated into Canadian dollars at current rates of exchange.

The statements of companies outside of Canada are translated into Canadian dollars as follows: working capital at exchange rates prevailing at the end of the period; fixed and other long-term assets, long-term debt, and depreciation provisions on the basis of historic rates of exchange; revenues and expenses (other than depreciation) at average rates during the period. Equity in earnings of associated foreign companies is translated in a similar manner. Exchange gains or losses from the translation procedures are included in consolidated earnings.

Inventories

Mine products are valued at estimated realizable value and other inventories at the lower of cost and market.

Depreciation and development charges

Depreciation of property, buildings and equipment and amortization of development expenditures are based on the estimated service lives of the assets calculated using the method appropriate in the circumstances, for the most part straight-line for fixed assets and unit of production for development.

Exploration

Mineral and petroleum exploration expenditures are charged against current earnings unless they relate to properties from which a productive result is reasonably certain or on which work is in process. Gains on sale or recoveries of costs previously written off are normally credited against exploration expense.

Income taxes

Under the income tax laws some costs and revenues are included in taxable income in years which are earlier or later than those in which they are included in income reported in the financial statements. As a result of these timing differences, income taxes currently payable normally differ from the provision for taxes charged to earnings. The differences are shown in the consolidated balance sheet as taxes provided not currently payable.

Potential tax savings arising from losses incurred and investment tax credits are not reflected in earnings before realization unless they are virtually certain of recovery.

Interest

Generally interest expense is charged against income as incurred except interest that can be identified with a major capital expenditure program. Such interest is capitalized during the construction period.

Start up costs

Start up costs on major projects are deferred until the facility achieves commercial production volumes. These deferred costs are written off over a reasonable period on either a straight-line or unit of production basis.

Research

Research expense is charged against income as incurred.

Aluminum plant

Certain of the assets and the related debt of the aluminum plant in New Madrid, Missouri, while technically the property and obligation of the City, are carried on Noranda's books by virtue of its long-term lease option and unconditional guarantees.

Noranda Mines Limited
(Incorporated under the laws of Ontario) and its consolidated subsidiaries

Consolidated balance sheet

December 31

Assets

74 $ (in thousands)		75 $ (in thousands)
	Current assets	
36,945	Cash and short-term commercial notes	37,041
39,396	Marketable investments, at cost less amounts written off (quoted market value $33,477,000)	28,894
216,592	Accounts, advances and tolls receivable	246,865
312,511	Inventories	384,915
605,444		**697,715**
325,989	**Investments in and advances to associated and other companies (note 2)**	**372,226**
	Fixed assets	
1,181,269	Property, buildings and equipment, at cost	1,364,900
(496,234)	Accumulated depreciation	(559,370)
685,035		**805,530**
	Other assets	
85,544	Development ($70,160,000), exploration ($14,271,000) and other expenditures deferred	99,029
5,284	Debenture and revenue bond discount and financing expenses, at cost less amortization	5,617
90,828		**104,646**
$1,707,296		**$1,980,117**

(See accompanying notes)

Auditors' Report
To the Shareholders of Noranda Mines Limited

We have examined the consolidated balance sheet of Noranda Mines Limited and its consolidated subsidiaries as at December 31, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Noranda Mines Limited and those subsidiaries and associated companies of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries and associated companies.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, February 16, 1976

Clarkson, Gordon & Co.,
Chartered Accountants.

Liabilities

74 $ (in thousands)		75 $ (in thousands)
	Current liabilities	
62,422	Bank advances	178,809
202,967	Accounts payable	221,627
72,676	Taxes payable	24,516
84,489	Debt due within one year (note 3)	84,761
422,554		**509,713**
6,804	**Deferred liabilities and holdbacks payable**	**9,014**
101,460	**Taxes provided not currently payable**	**117,413**
383,680	**Long-term debt (note 3)**	**533,057**
99,952	**Minority interest in subsidiaries**	**114,451**
	Shareholders' Equity	
	Capital stock (note 4)	
	Authorized: 40,000,000 shares of no par value	
84,739	Issued: 24,451,266 shares (note 4(a))	84,990
5,043	Contributed surplus	5,043
615,042	Retained earnings	618,414
704,824		**708,447**
(11,978)	Less the Company's proportionate interest in its shares held by subsidiary and associated companies	**(11,978)**
692,846		**696,469**
$1,707,296		**$1,980,117**

On behalf of the Board:
William S. Row, *Director*
Alfred Powis, *Director*

Consolidated statements of earnings and retained earnings

For the years ended December 31

Earnings

1974 $ (in thousands)		1975 $ (in thousands)
	Revenue	
1,147,041	From metals, products and custom tolls (note 7)	1,156,423
4,859	Dividends, interest and other income	2,851
1,151,900		**1,159,274**
	Expense	
734,747	Cost of metal production and products sold	870,572
66,045	Administration, selling and general expenses	83,909
66,776	Depreciation ($62,336,000) and development charges.	66,340
22,360	Exploration and research written off (note 8)	25,665
33,802	Interest-net (including long-term debt interest of $36,488,000)	45,353
923,730		**1,091,839**
228,170		**67,435**
106,636	Income and production taxes (note 6)	41,458
17,099	Minority interest in profits of subsidiaries	10,089
123,735		**51,547**
104,435	Earnings of Noranda and subsidiary companies	15,888
50,435	Share of after-tax profits in associated companies (note 2)	34,637
154,870	**Earnings**	**50,525**
6.59	**Earnings per share**	**2.14**
	Retained earnings	
502,509	**Balance,** beginning of year	**615,042**
154,870	**Earnings**	50,525
657,379		**665,567**
42,337	Dividends paid (note 4(a))	47,153
$ 615,042	**Balance,** end of year	**$ 618,414**

(See accompanying notes)

Consolidated statement of changes in financial position

For the years ended December 31

1974 $ (in thousands)		1975 $ (in thousands)
146,593	**Working capital, beginning of year**	**182,890**
	Source of funds	
	Operations:	
154,870	Earnings	50,525
66,776	Depreciation and development charges	66,340
37,500	Taxes provided not currently payable	15,077
17,099	Minority interest in profits of subsidiaries	10,089
(31,940)	Share of earnings less dividends of associated companies	(15,162)
244,305		**126,869**
3,249	Issue of shares	251
72,055	Long-term financing	163,800
2,583	Fixed asset disposals and adjustments	2,076
1,564	Increase in deferred liabilities and holdbacks payable	2,210
323,756		**295,206**
	Application of funds	
101,674	Fixed assets	158,147
11,394	Non-current assets (net) of acquired subsidiaries (note 2(c))	(2,407)
42,337	Dividends	47,153
73,418	Investments and advances (net)	31,075
33,657	Current maturities of long-term debt	24,486
26,457	Deferred development, exploration and other expenditures	28,111
(1,478)	Other (net)	3,529
287,459		**290,094**
36,297	**Net increase**	**5,112**
$182,890	**Working capital, end of year**	**$188,002**

(See accompanying notes)

74

75

Notes to consolidated financial statements

For the year ended December 31, 1975

1. Accounting policies

The principal accounting policies followed by Noranda Mines Limited and its subsidiary companies are detailed under the caption "Accounting policies" on page 23.

2. Investments

(a) Investments in and advances to associated and other companies consist of:

Carrying Value ($000)	Investments—carried on an equity basis	Direct Interest	Carrying Value ($000)
$ 37,269	British Columbia Forest Products Limited	29%	$ 39,571
4,164	Craigmont Mines Limited	20%	4,058
24,108	Kerr Addison Mines Limited	41%	25,834
34,371	Mattagami Lake Mines Limited (N.P.L.)	34%	36,957
18,014	Northwood Pulp and Timber Limited	50%	22,965
9,548	Orchan Mines Limited	45%	10,277
5,712	Pamour Porcupine Mines Limited	49%	4,689
61,492	Placer Development Limited	31%	62,072
30,647	Tara Exploration and Development Company Limited	19%	30,647
18,422	Frialco/Friguia Guinean consortium	20%	23,452
40,779	Other Companies	—	46,942
$284,526			**$307,464**
	Other investments and advances		
$ 11,079	Shares at cost less amounts written off		$ 10,594
30,384	Advances and other indebtedness (note 2d)	—	54,168
$325,989			**$372,226**
74			75

(b) Included above are shares carried at a book value of $223,958,000 which had a quoted market value of $254,867,000 at December 31, 1975. The latter amount does not necessarily represent the value of these holdings, which may be more or less than that indicated by market quotations.

(c) On January 8, 1975, Wire Rope Industries (previously 40% owned) became a consolidated subsidiary of the Company. In addition, on March 11, 1975, Northwood Mills Ltd. acquired all the outstanding shares of Airscrew-Weyroc Canada Limited (now Northwood Panelboard Ltd.).

The effect of these transactions on Noranda's balance sheet at the dates of acquisition is summarized below:

	(in thousands)
Non-current assets	
— Fixed	$17,814
— Other	492
	18,306
Deduct	
—Long-term liabilities	10,939
—Minority interest	9,774
	20,713
Non-current assets (net)	(2,407)
Working capital increase	7,930
Total net assets	**$ 5,523**
Reduction in investments and advances to associated companies	$ 5,021
Additional consideration	502
Total consideration	**$ 5,523**

(d) $23,040,000 of advances and other indebtedness at December 31, 1975 is secured by shares of Tara Exploration and Development Company Limited. This amount may be repaid through the purchase of such shares by the Company at prices less than the carrying value of shares already owned.

3. Debt

(a) Long-term Debt:

(in thousands)		(in thousands)
	Noranda Mines Limited	
$ —	— $10^1/_4$% notes payable due March 1, 1977	$ 25,000
—	— $9^3/_4$% notes due November 1, 1980 (of which $15,000,000 is payable in U.S. currency)	25,398
20,000	— $6^1/_2$% notes due February 3, 1975	—
28,400	— $7^1/_2$% sinking fund debentures maturing October 1, 1988	28,000
39,100	— $9^1/_4$% sinking fund debentures maturing October 15, 1990	38,755
50,000	— $9^3/_4$% sinking fund debentures maturing May 1, 1994	50,000
	Noranda Aluminum Inc.	
—	— $10^1/_2$% secured (sinking fund) notes due October 1, 1995 ($80,000,000 U.S.) (Note 3(c))	81,360
83,900	— 5.20% to 5.90% industrial revenue bonds, serial and sinking fund issues, maturing November 1, 1976 to 1978 and 1993 (December 31, 1975 — $76,035,000 U.S. December 31, 1974 — $78,440,000 U.S.)	81,400
	Norandex Inc.	
11,000	— $5^1/_2$% - $9^1/_4$% mortgage notes payable in monthly instalments to 1990 (December 31, 1975 — $10,168,000 U.S. December 31, 1974 — $10,281,000 U.S.)	10,994
	Brunswick Mining and Smelting Corporation Ltd.	
12,600	—5.85% first mortgage sinking fund bonds series "A" maturing April 1, 1986	12,170
13,600	—7.25% general mortgage sinking fund bonds, series "A" maturing August 15, 1987	12,627
	Fraser Companies, Limited	
10,500	—$5^1/_8$% first mortgage and collateral trust bonds due 1976-87—(December 31, 1975 $9,000,000 U.S.— December 31, 1974 $9,700,000 U.S.)	9,671
	Northwood Panelboard Ltd.	
—	—9% first mortgage sinking fund bonds maturing May 15, 1991.	5,000
4,600	Sundry Indebtedness	13,360
273,700		**393,735**
194,469	Notes payable	224,083
468,169		**617,818**
84,489	Debt due within one year (including notes payable of $74,083,000 December 31, 1975 $59,469,000 December 31, 1974)	84,761
$383,680	Long-term debt	**$533,057**

74 **75**

Long-term Debt:
Maturities of long-term debt are as follows:
1977—$35,084,000:
1978—$160,429,000:
1979—$17,790,000:
1980—$43,465,000:
subsequent—$276,289,000.

(b) Notes payable, representing promissory notes with maturities from January to May 1976, have been classified as long-term debt to the extent of the Company's revolving contractual credits with its bankers of $150,000,000, extending to December 31, 1978.

(c) Because the final $30,000,000 U.S. balance of funds available under the $10^1/_2$% secured notes due October 1, 1995 was not received until February 3, 1976, a corresponding amount of bank indebtedness used to finance the aluminum facility at December 31, 1975 has been reclassified as long-term debt. These notes are secured by fixed assets related to the expansion of the Noranda Aluminum facility.

4. Shareholders' equity

(a) The issued capital stock at December 31, 1975 is summarized below:

Class A—shares	23,033,323
Class B—shares	1,417,943
Total	**24,451,266**
Less the Company's proportionate interest in its shares held by subsidiary and associated companies	882,367
	23,568,899

During the year the following dividends were declared:

Class A—$2.00/share	$46,206,000
Class B—$1.70/share plus 15% tax on undistributed income	2,711,000
Total	**48,917,000**
Less the Company's proportionate share of dividends paid to subsidiary and associated companies	1,764,000
Net charge to the retained earnings	**$ 47,153,000**

Class A and Class B shares are voting, convertible into one another on a share for share basis and rank equally with respect to dividends and in all other respects. The only distinction between the two classes is that the directors may specify that cash dividends on Class B shares be paid first out of tax-paid undistributed surplus on hand and then out of 1971 capital surplus on hand (as those expressions

are defined in the Income Tax Act of Canada), with the result that Class B dividends so paid will be less than the Class A dividends by the amount of tax paid thereon.

(b) (i) During the year 8,825 shares in the Company's capital stock were issued under the Company's stock option plan for $251,034 and 2,975 options were cancelled.

(ii) At December 31, 1975 options on 71,315 shares were outstanding, exercisable at prices varying from $22.945 to $30.23 for periods up to 1982.

(c) Under the Company's share purchase plan shares are sold to a trustee for resale to employees financed by an interest-free loan from the Company. At December 31, 1975 the amount of the loan included in accounts receivable was $4,628,500.

5. Commitments and contingent liabilities

(a) Approved capital projects and financing commitments outstanding total approximately $160,000,000 at December 31, 1975.

(b) The Company has arranged, guaranteed or is contingently liable for repayment of loans of associated and other companies to the extent of approximately $58,000,000.

(c) As at December 31, 1975 Noranda's total unfunded obligation under its pension plans with respect to past service is estimated at $14,300,000 of which $550,000 has been provided in the accounts. These obligations are funded as required by applicable governing legislation. In Canada the past service obligation is funded and absorbed against income over a period up to 15 years.

(d) The Company and certain of its subsidiaries from time to time enter into long-term lease arrangements for buildings and vessels, such arrangements currently giving rise to annual charges totalling approximately $1,597,000 and $1,200,000 respectively.

6. Income taxes

At December 31, 1975 certain subsidiaries of the Company had estimated loss carry-forwards of approximately $25,600,000. Investment tax credits of $11,000,000 were also available. In 1974, U.S. income tax loss carry-forwards of $13,000,000 were realized, which gave rise to a reduction of $6,400,000 in the income tax provision.

7. Consolidated divisional revenues

Revenues from the main divisions of the business are set out on page 31 in the table of "Consolidated Divisional Results".

8. Exploration expense

In 1974 a gain from the sale of Noranda's interest in a uranium prospect in New Mexico amounting to $4,724,000 was offset against exploration expenditures written off.

9. Remuneration of directors and senior officers

The aggregate direct remuneration paid or payable by the Company and its consolidated subsidiaries to directors and senior officers amounted to $1,400,000.

10. Central Canada Potash

Under Saskatchewan law, that Province may expropriate the mining assets of Central Canada Potash Co. Limited. In the event that the Province expropriates those assets and agreement cannot be reached with respect to the purchase price, appeal will lie to arbitration and the courts.

Potash non-current assets with an original cost of $107,000,000 and a net book value of approximately $80,000,000 are included in the accompanying consolidated balance sheet. The depreciated replacement value far exceeds these amounts.

11. Anti-inflation program

The Federal Government has passed an Anti-Inflation Act with effect from October 14, 1975 and has subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation the Company and its domestic subsidiary and certain of its associated companies are subject to mandatory compliance with controls on prices, profit margins, employee compensation and until October 13, 1976 on shareholder dividends.

The effects of this program have not as yet been fully assessed.

Consolidated divisional results

For the years ended December 31

74 (in thousands)		75 (in thousands)
	Revenue from metals, products and custom tolls	
$ 394,560	Copper mining, smelting and refining operations*	$ 294,460
339,130	Other mining and metallurgical operations**	371,582
733,690	Total mining and metallurgical operations	**666,042**
563,961	Manufacturing operations**	540,304
365,126	Forest products operations**	372,664
$1,662,777	Gross revenue	**$1,579,010**
170,023	Less: sales between divisions	85,001
345,713	sales by associated companies**	337,586
$1,147,041	Revenue as reported	**$1,156,423**
	Earnings	
$ 80,037	Copper mining, smelting and refining operations*	$ 32,402
66,749	Other mining and metallurgical operations**	40,793
1,816	Earnings from mining investments	1,447
148,602	Gross mining and metallurgical earnings	**74,642**
14,396	Less exploration written off net of applicable tax reductions	17,889
134,206	Net mining and metallurgical earnings	**56,753**
39,337	Manufacturing operations and investments	23,286
11,317	Forest products operations**	11,232
184,860	Earnings before common costs	**91,271**
29,990	Less common costs	40,746
$ 154,870	Earnings as reported	**$ 50,525**
	Breakdown of common costs	
$ 9,866	Corporate office costs	$ 10,315
32,496	Interest expense net of revenue	44,036
1,072	Unallocated research costs	1,423
(13,444)	Less applicable tax reductions	(15,028)
$ 29,990	Total	**$ 40,746**

*Consists of operations of the Horne, Geco and Bell Copper Mines, Gaspé Copper Mines and Canadian Copper Refiners.

**Gross revenues and earnings include Noranda's share of the revenues and earnings of associated companies accounted for on an equity basis. These gross revenues include $121,782,000 from mining and metallurgical operations, $117,287,000 from forest operations, and $98,517,000 from manufacturing operations in 1975. ($126,338,000, $133,639,000 and $85,736,000 respectively in 1974).

Operations

Mining/Smelting/Refining

Wholly Owned — unless marked otherwise (-%)
Production — for the year 1975
Ore Reserves — as at Dec. 31/75
Ton — 2,000 lbs.

Legend

Cu	copper	Ni	nickel
Zn	zinc	Mo	molybdenum
Pb	lead	Hg	mercury
Ag	silver	K_2O	potassium oxide
Au	gold	Cd	cadmium

Horne Division

MINING

	Tons	Grade Cu %	Grade Au oz/ton
Ore Mined	344,300	2.15	0.135
Fluxing ores	351,000	—	—
Concentrate Produced	96,700		

ORE RESERVES	Tons (000)	Grade Cu %	Grade Zn %	Grade Au oz/ton
Horne	231	1.05	—	0.161
Chadbourne	1,100	—	—	0.111
Magusi (Cu Zone)	1,569	2.10	—	—
Magusi (Zn Zone)	468	0.33	8.33	0.061
New Insco	1,148	2.11	—	—

The ore reserves at the Horne mine will be exhausted during 1976.

SMELTING

Production	Material Smelted Noranda (tons)	Material Smelted Custom (tons)	Cu Content of Anodes Produced (tons)
1975	598,000	735,000	231,000
1974	730,000	839,000	269,000
1973	725,000	825,000	260,000
1972	705,000	780,000	236,000
1971	724,000	825,000	233,000

Due to a shortage of concentrate, two reverberatory furnaces were placed on standby for a total of 74 days. A third furnace was shut down to reclaim metal from the hearth and install an air-cooled base.

Operation of the Noranda Continuous Smelting Reactor was modified to produce high grade matte instead of metallic copper which resulted in improved refractory life and higher throughput. In addition through supply of oxygen enriched blast from the new 94 ton-per-day oxygen plant, capacity was increased 30% and fuel consumption reduced by about one-third.

Geco Division

	tons (000)	Grade Cu %	Grade Zn %	Grade Ag oz/ton
ORE MINED	1,599	1.84	3.54	1.44

	Metal Content Cu tons	Metal Content Zn tons	Metal Content Pb tons	Metal Content Ag Oz
CONCENTRATES PRODUCED	27,400	44,500	900	1,680,000

	tons (000)	Grade Cu %	Grade Zn %	Grade Ag oz/ton
ORE RESERVES	28,100	1.87	3.62	1.52

Planned production was reduced by 10% beginning in June. In addition the milling operation was suspended for two weeks in August to correspond with a shutdown of the C.E.Z. zinc reduction plant. Underground operations continued to be hampered by a shortage of miners and applicants willing to be trained for this work.

The major capital addition was the second phase of waste water treatment for environmental control and protection which included the erection of a reactor-clarifier system.

Bell Copper Division

	tons (000)	Grade Cu %	Grade Au oz/ton
ORE MINED	4,800	0.456	0.011

	Metal Content tons	Metal Content Cu tons	Metal Content Au Oz
CONCENTRATES PRODUCED	69,760	18,150	23,760

	tons (000)	Grade Cu %	Grade Au oz/ton
ORE RESERVES	29,600	0.494	0.012

All concentrate was shipped to the Horne smelter Noranda, Quebec. Employee turnover remained high and although manpower was available, a continuing shortage of skilled tradesmen adversely affected maintenance of plant and equipment.

Operating costs increased 16%, but waste to ore stripping ratio was normal at .45 to 1.

Gaspé Copper Mines (99.3%)

	1975	1974
EARNINGS (LOSS)	$15,200,000	$183,000

Production at rated capacity was not obtained. Design, selection, and installation faults in certain items of equipment required modification and correction, which was delayed by a shortage of skilled tradesmen. Operating costs increased by 12% compared to the previous year. Severe cost reduction measures continue and improved plant utilization is anticipated.

MINING

ORE MILLED	tons (000)	Grade Cu %
Needle Mountain	1,245	1.19
Copper Mountain	9,749	0.44

	Metal Content
CONCENTRATES PRODUCED	Cu tons
	48,000

ORE RESERVES	tons (000)	Grade Cu %
Needle Mountain	21,598	1.33
Copper Mountain-Sulphide	201,536	0.38
Copper Mountain-Oxide	33,290	0.45

SMELTING

Materials smelted

	Gaspé (tons)	Custom (tons)	Cu Content of Anodes Produced (tons)	Acid Produced (tons)
1975	281,700	104,500	73,200	174,900
1974	253,000	90,300	69,700	154,700
1973	176,900	99,800	49,300	12,300
1972	236,800	118,000	63,800	—
1971	221,800	156,000	73,800	—

Canadian Copper Refiners

Refined Metal Production

	Cu (tons)	Ag (oz)	Au (oz)
1975	395,000	19,835,000	346,000
1974	427,000	19,413,000	352,000
1973	373,000	14,599,000	351,000
1972	376,000	14,165,000	377,000
1971	342,000	12,885,000	405,000

Environmental control efforts continued with the installation of the first of several filter units to collect emissions from the anode furnaces. Also, a new process to decopperize refinery electrolyte for control of impurities was put into operation.

The installation of the equipment purchased for semicontinuous casting of cakes and billets has been deferred, pending more favourable market conditions for these products.

Boss Mountain Division

	tons	Grade Mo %
ORE MINED	601,310	0.22

	Metal Content
CONCENTRATE PRODUCED	Mo lbs
	2,412,000

	tons	Grade Mo %
ORE RESERVES	1,129,000	0.196

The investigation of a large low grade mineralized zone on the property continued with diamond drilling, bulk sampling and process testing programmes. Evaluation of results should be completed in 1976.

Brunswick Mining & Smelting (64.1%)

	1975	1974
EARNINGS:	$12,600,000	$17,100,000

MINING

	tons (000)	Grade Pb/Zn %
ORE MINED	3,427	10.1

CONCENTRATE PRODUCED:	Metal content			
	Zn tons	Cu tons	Pb tons	Ag. oz.
	184,100	5,600	59,700	4,441,000

ORE RESERVES

Zn/Pb	tons (000)	Grade Zn %	Pb %	oz Ag/ton	Cu %
No. 12 Mine					
Proven	68,263	9.16	3.72	2.74	0.28
Probable	29,910	9.36	3.95	2.90	0.34
No. 6 Mine					
Proven-Pit	1,168	4.98	1.79	1.96	0.46
-U/G	1,486	7.28	2.57	2.59	0.25
Cu					
No. 12 Mine					
Proven	9,474	1.13	0.40	1.11	0.85

The expansion project at No. 12 mine is on schedule. On completion in 1979 plant capacity will be 11,000 tons per day.

Extraction of ore from the No. 6 open pit will end in 1977. However, lead-zinc ore has been proven below the pit and underground production is planned for late 1976.

SMELTING

Production	Pb tons	Ag Oz.	Sulphuric Acid tons
1975	50,900	2,195,000	139,700
1974	44,200	2,085,000	117,000
1973	34,450	1,255,000	100,200

Brenda Mines (50.9%)

	1975	1974	
EARNINGS	$2,018,000	$8,395,000	

		Grade	
	tons (000)	Cu %	Mo %
ORE MINED	10,049	0.188	0.052

	Metal Content	
CONCENTRATES PRODUCED	Cu tons	Mo tons
	16,600	4,200

		Grade	
	tons (000)	Cu %	Mo %
ORE RESERVES	126,049	0.176	0.047

The concentrator operated at a record rate due in part to experiments with computer control of grinding circuits. Ore reserves declined 900,000 tons.

The initial five-year contract with Japanese smelters was not renewed, and since mid year copper concentrate has been sold to North American smelters under less favourable terms.

Prime grade molybdenum concentrate production was readily marketable. An agreement has been concluded with a South American mining company whereby it is now licensed to use the Brenda Molybdenite Leaching Process under a royalty arrangement. The plant is now in the design state.

Central Canada Potash, (51%)

	tons (000)	Grade
ORE MINED	3,060	26.8% K_2O
MURIATE PRODUCED	1,154,600 tons	
	tons (000)	Grade
ORE RESERVES	584,000	27% K_2O equivalent

Underground linear advance was 31 miles bringing the total to 157 miles since mining began.

Production was higher and shipments lower than in 1974, but year end inventory was not excessive.

The judgement on May 6 in the lawsuit which challenged the constitutionality of Saskatchewan's prorationing scheme supported the Company's claims, declaring that the Province's programme and actions related to regulation of trade and commerce were outside the competence of the legislature of Saskatchewan. The Judge found the Crown liable for damages resulting from coercive intimidation by two of its officers and the Company was awarded damages of $1.5 million. Subsequently the Province filed a Notice of Appeal and the Company filed Notice of Application to vary the damages. Commencement of the hearing was set for February 23rd in Regina.

Late in the year, the Saskatchewan government announced its intention to acquire the assets of "some or all" of the producing potash mines in the province and introduced enabling legislation to expropriate the assets of any company with which it failed to reach agreement on price.

Central Canada made constructive proposals to the Premier and to the new Potash Corporation of Saskatchewan, as agent for the Government, in accord with its stated objective for expansion of potash production capacity in the Province and its desire to own assets and participate in profits. In turn, it was indicated that Central Canada was not considered a high priority in the plans for nationalization.

Langmuir Property (55%)

	tons (000)	Grade Ni %
ORE TREATED	261,529	1.46
	Metal content	
CONCENTRATE PRODUCED	3,067 tons of Ni	
	tons	Grade Ni %
ORE RESERVES	857,500	1.75

Ore reserves were extended with addition of 119,000 tons of probable ore. Exploration to the south provided some encouragement in diamond drill intersections.

Belledune Fertilizer

Diammonium phosphate production was 200,000 tons, slightly lower than in 1974. Reduced demand resulted in higher than normal year-end inventories. 1976 production will be curtailed accordingly.

Alberta Sulphate Limited

PRODUCTION	65,900 tons sodium sulphate
RESERVES	2,600,000 tons
RECOVERABLE PRODUCT	1,000,000 tons

Prices improved considerably during the year and profit margins were satisfactory.

Empresa Fluorspar

(74.6% Direct; 14.6% Indirect)

Fluorspar shipments by 49%-owned Cia Minera Las Cuevas in Mexico, totalled 319,000 tons, including 80,000 tons of acid grade concentrate.

Earnings reported on the basis of dividends received from Las Cuevas were $0.9 million, the same as 1974.

Empresa Minera de El Setentrion (60.5%)

At the mine in Nicaragua, 129,900 tons of ore averaging 0.5 oz. gold per ton were treated to produce 59,400 ounces of gold. Proven ore reserves declined slightly to 209,000 tons of similar grade.

Net earnings increased to $3.9 million compared to $3.2 million in 1974.

Pamour Porcupine Mines Limited (48.8%)

	1975	1974
EARNINGS (Loss)	($2,096,000)	$4,500,000

ORE TREATED	Tons (000)	Grade Cu %	Au oz/ton	Ag oz/ton
No. 1, 2, 3, Mines	904			
Custom Ore	113			
Total No. 1 Mill	1,017	—	0.108	0.010
Schumacher-Gold	212	—	0.180	0.108
Copper	685	0.619	0.027	—
Total treated	1,914			

	Metal Content Au Oz.	Ag Oz.	Cu Tons
BULLION AND CONCENTRATES PRODUCED	150,000	63,000	3,900

	Tons (000)	Grade Au Oz/ton	Ag Oz/ton	Cu %
ORE RESERVES	1,954	0.14		
	1,766	0.039	0.107	0.65

Production was critically affected by lower than planned ore tonnages and grades, and a shortage of skilled people.

In order to conserve funds, outside exploration was suspended, no new capital projects undertaken, and purchase of capital items severely curtailed.

Alterations were begun in December to combine the copper and gold sections of the Schumacher mill into one circuit to improve overall efficiency.

Orchan Mines

(45.1% Direct; 5.7% Indirect)

	1975	1974
EARNINGS	$2,189,000	$5,130,000

	Tons	Grade Zn %	Cu %
ORE MINED	421,800	4.65	1.19

	Metal Content Zn Tons	Cu Tons	Ag Oz.
CONCENTRATES PRODUCED	16,500	4,300	65,800

ORE RESERVES	Tons	Grade Zn %	Cu %
Proven — Orchan	1,103,600	8.7	1.1
Radiore #2	153,300	1.0	2.0
Norita	1,965,300	6.4	0.6

Mining operations at Garon Lake Division ceased at year end when all economic ore had been mined.

The Norita Division shaft was completed to 1680 ft. Milling of development ore commenced in January 1976.

Radiore #2 remains on a standby basis, pending higher copper prices.

Exploration was continued in the Matagami area.

Kerr Addison Mines

(41.3% Direct; 2.3% Indirect)

	1975	1974
EARNINGS	$9,000,000	$15,300,000

Earnings include special gains of $1.5 million in 1975 and $3.5 million in 1974.

A large scale trial of uranium extraction by acid leaching was begun at the 82.5% owned Agnew Lake uranium property. This $3.0 million programme, and a feasibility study on further development progressed satisfactorily.

Exploration, metallurgical and environmental studies were continued on the Grum zinc-lead-silver property in the Yukon Territory.

	Interest	Production Ore Mined Tons	Metal Content Concentrate
Kerr Addison	100%	270,400	102,770 oz. Au
*Normetal	100%	82,150	3,900 Tons Zn 390 Tons Cu
*Joutel	63%	90,150	3,975 Tons Zn
Blue Hill	60%	211,200	10,000 Tons Zn 1,925 Tons Cu
*Icon Sullivan	21%	40,250	1,210 Tons Cu

*Operations terminated in 1975.

ORE RESERVES	Tons (000)	Grade
Kerr Addison	1,263	0.44 oz. Au/Ton
Blue Hill	522	3.40% Zn, 1.46% Cu

Mattagami Lake Mines

(34.1% Direct; 8.6% Indirect)

	1975	1974
EARNINGS:	$24,400,000	$40,100,000

ORE TREATED

	Grade			
Tons	Zn %	Cu %	Ag Oz/ Ton	Au Oz/ Ton
1,286,000	7.30	0.62	0.86	0.014

CONCENTRATES PRODUCED	Metal Content	
	Zn Tons	Cu Tons
	86,100	6,000

ORE RESERVES

	Grade			
Tons	Zn %	Cu %	Ag Oz/ Ton	Au Oz/ Ton
10,831,000	8.4	0.65	0.95	0.015

Efficiency improved through circuit control of the flotation operation by a process computer and metal recoveries increased.

Lyon Lake Division

ORE RESERVES

	Grade				
Tons	Zn %	Cu %	Pb %	Ag Oz/ Ton	Au Oz/ Ton
4,030,000	6.66	1.15	0.63	3.39	0.010

Development at this site has progressed steadily, with the surface plant complete and shaft sinking well underway. Initial production is scheduled for 1978 as spare capacity becomes available at the Mattabi concentrator.

Mattabi Mines Limited

(60% owned by Mattagami Lake Mines)

ORE TREATED

	Grade			
Tons	Zn %	Cu %	Pb %	Au Oz/Ton
1,075,000	7.34	0.97	0.70	3.23

CONCENTRATES PRODUCED

Metal Content			
Zn Tons	Cu Tons	Pb Tons	Ag Oz.
68,700	8,700	2,000	2,123,000

ORE RESERVES

	Grade			
Tons	Zn %	Cu %	Pb %	Ag Oz/ Ton
9,900,000	6.70	0.74	0.70	2.62

Development of the underground portion of this ore-body was begun with the driving of a 3,500 ft. access decline.

At mid-year milling volumes were reduced at the Mattagami and Mattabi operations to bring production more in line with sales.

Canadian Electrolytic Zinc

METAL PRODUCTION	Zn Tons	Cd Lbs.
1975	117,700	401,000
1974	134,800	772,000
1973	148,800	598,000
1972	145,000	854,000
1971	119,600	383,000

A sharp decline in demand for both zinc and cadmium, which began early in 1975, resulted in a cutback in production and a four week shutdown during the summer.

Installation of plant and equipment to expand capacity to a rated 620 tons a day was nearing completion at year end.

As at January 1, 1976 ownership of the expanded plant was changed to; Mattagami 51.67%, Noranda 22.67%, Orchan 15.83% and Kerr 9.83%.

St. Lawrence Fertilizers

The strike which began on May 1, 1974 was settled in March. Due to poor demand triple superphosphate production was suspended and the plant put on a five-day week schedule in September following an extended summer shutdown. Production of finished product was 50,200 tons. The operation consumed 63,700 tons of by-product sulphuric acid from Canadian Electrolytic Zinc.

Federated-Genco

Federated-Genco, a 40% owned producer of metals and alloys, experienced a profitable year, although earnings were well below the 1974 level.

Placer Development

(31.5% Direct; 1.7% Indirect)

	1975	1974
EARNINGS	$16,285,000	$43,143,000

Earnings for 1975 include extraordinary items of $6.5 million primarily from the gain on the sale of Placer Prospecting Australia (Pty.) Limited. The McDermitt mercury mine in northern Nevada began production in the second quarter.

OPERATIONS

		Production	
	Interest	Ore Milled Tons (000)	Metal Content in Concentrate
Endako Mines Division	100%	9,400	7,550 Tons Mo
Gibraltar Mines Ltd.	71.9%	11,500	41,800 Tons Cu
Marcopper Mining Corp.	40%	7,200	38,300 Tons Cu
McDermitt Mine	51%	47	463,000 Lbs. Hg

ORE RESERVES

	Tons (000)	Grade %
Endako Mines Division	205,000	0.143 Mo
Gibraltar Mines Ltd.	307,000	0.36 Cu
Marcopper Mining Corp.	94,800	0.58 Cu
McDermitt Mine	2,950	0.50 Hg

Craigmont Mines

(19.7% Direct; 14% Indirect)
(Year Ended Oct. 31, 1975)

	1975	1974
EARNINGS	$3,600,000	$7,400,000
	Tons	Grade Cu %
ORE MILLED	1,966,000	1.42
		Metal Content
CONCENTRATES PRODUCED		26,800 Tons Cu
	Tons	Grade Cu %
ORE RESERVES	7,026,000	1.83

Ore requirements were supplied by underground mining which proceeded normally. The land reclamation programme was continued with reseeded areas showing good growth and increasing natural regeneration.

Chile Canadian Mines

(49%)

The mine and plant, seized in 1971 and subsequently operated by the Chilean Government, have been returned to the Company. Noranda has reduced its interest and advanced an additional $600,000 to provide equipment and working capital.

1,950 tons of copper were produced and sold in Chile from treatment of 130,000 tons of ore.
A small loss was incurred.

Manufacturing

Canada Wire

Performance during the past difficult year demonstrated the strength of a multi plant, multi product group of sufficient size to support a comprehensive and sophisticated plant and management structure. Nevertheless, results were less than planned and by year end the automotive and construction wire operations were feeling the pinch of depression in their sectors. The normally more stable utility business had also begun to decline as the public utility customers had continuing difficulty in raising their rates and financing the necessary capital expansion to meet demands on them.

Capital activities in Canada were principally devoted to plant re-equipment and the beginning of construction on an equipment wire plant in Orangeville, Ontario. A continuing strike in the telephone wire plant in New Brunswick precluded any contribution from that operation.

International activities were generally on target, and the initial investment for a 40% interest in an Iranian communication and construction wire facility was made. The Brazilian plant in which Canada Wire has a 10% interest began operations and negotiations are under way which should result in some further investment in 1976.

Noranda Aluminum

Markets were generally soft during the year, and total sales were limited to 72% of production potential. Depressed construction industry conditions led to a severe deficiency in metal consumption by the Company's fabricating affiliate, Norandex, Inc. Inventory accumulations began to recede in September and continuing improvements are expected.

The construction project to double the aluminum ingot production facilities was maintained on schedule and within budget. Full expanded operations at annual capacity of 140,000 tons should be underway during the second half of 1976.

Through its 38.5% interest in Frialco, the company participates in bauxite-alumina production in Guinea. This venture suffered a loss in 1975 due to world over supply conditions, however, operating targets were met. While it may be another year before this venture returns to levels of full expected profitability, security of raw material supply is considered vital to Noranda's overall aluminum operations.

Noranda Metal Industries

The past year was perhaps the most difficult ever for this company; sales declined by 40%, and overall operations were reduced to a bare minimum breakeven position. In response to depressed market conditions the Company's Bellingham, Washington plant has been put on a stand-by basis and operations have been reduced to the minimum at New Westminster and Montreal East.

The Special Metals Division plant at Arnprior, Ontario, designed for production of nuclear tubes, is in the first phase of completion. Some production of nickel alloy tubing is underway. Markets appear to be developing as forecast and full operation is probable by year end.

In Colombia, business suffered somewhat due to recessionary conditions, however, physical operations proceeded satisfactorily.

Quebec Iron Foundries

The general foundry business did well in 1975, however, results were disappointing in the production of grinding media. Improvement is expected in 1976 from more competitive improved alloys and some increase in mining activity.

The Company's Bathurst, N.B. operation failed to come to terms with the Union representing its employees and the operation was closed. The scrap automobile reclamation yard at Moncton, N.B., continued on plan with compacting operations, and expects to inaugurate shredding facilities by the fall.

Norandex

The continued depression of U.S. house building and the geographic limitations of Norandex's position in this market led to a comprehensive independent analysis of operations during the year. The conclusions of this study were to specialize production, eliminate agency selling and reduce the number of branches to enlarge branch market areas. A programme to implement these changes was underway early in 1976. The result is expected to be a more competitive operation with a moderate reduction in sales.

Grandview Industries

Economic conditions forced the closure of the Edmonton foam plastic plant and severely curtailed other operations. Of the Company's seven operating facilities, only the Brampton plant expanded operations, with addition of continuous mixing facilities.

The Company's associate, Canplas Industries, which manufactures plastic fittings at plants in Barrie and New Westminster, had a satisfactory year.

Wire Rope Industries
(51.8%)

This Company was the most successful in the manufacturing group, meeting sales and profit objectives. Labour shutdowns in the Canadian forest industry, a major market, prevented achievement of even better results.

Gourock Industries, a 50% associate, achieved full production at its new plant in Boucherville, Quebec for the manufacture of polypropylene ropes. Gourock has been named supplier of nets for the 1976 Olympiad.

Bridon-American Inc.
(49%)

Bridon-American Inc. became a subsidiary in January 1975, and then reverted to 49% associate status in December to accommodate the British partners Bridon Ltd. and problems associated with personnel transfers. Nevertheless, this company and Wire Rope Industries are both considered joint ventures by both partners.

Bridon-American found the competition in U.S. markets more severe than expected at the beginning of the year, although overall results showed reasonable progress. The Company is in the final stages of planning new wire drawing facilities as well as rationalization of the two existing roperies at Muncy and Exeter, Pennsylvania. Financing for these projects will involve about $5,000,000 additional equity from the partners followed by a private U.S. debenture offering.

Northwood Mills Ltd.

	Production	Sales		
	Nwd. Mills Lumber	Nwd. Mills Lumber	Nwd. Building Lumber	Panelboard
	Mfbm	Mfbm	Mfbm	MSM 1/16″
1975	110,000	367,000	410,000	1,197,000
1974	110,000	660,000	396,000	1,044,000
1973	194,500	701,000	368,000	888,000
1972	187,500	663,000	496,000	672,000
1971	85,000	477,000		

The depressed housing and lumber markets resulted in greatly reduced sales and a substantial loss. Despite significantly reduced capital expenditures, the company acquired a major particleboard mill with a capacity of 425 tons per day, in Chatham, New Brunswick. This three year old plant is performing well and is expected to contribute to profits in 1976. The Building Materials Division added a supply outlet at London, Ontario and completely overhauled its administration during the year.

Fraser Companies
(55%)

	Production			
	Lumber	Market Pulp*	Paper	Paperboard
	Mfbm	Tons	Tons	Tons
1975	42,900	53,700	301,000	30,300
1974	51,600	97,800	372,400	32,600

Although operation rates averaged about 78% of capacity, the company earned $7.2 million in the year, the third best in its history. Fraser was one of the few forest products companies in Canada not affected by work stoppages, a factor which helped to maintain production rates in the face of drastically reduced demand.

Aside from maintenance of operations Fraser people were mainly concerned during the year with plans for two significant capital programmes. The first of these, the largest in the Company's history, involves modernization and enlargement of the Edmundston facilities. Estimated to cost about $90 million, this rebuild should result in a 20% increase in pulp production, improved product quality and operating efficiency, lower net energy cost and compliance with current environmental and ecological standards. The second project, a tree nursery, is being considered for groundbreaking during 1976, using a Swedish system, and could be producing 7,000,000 seedlings annually by 1979.

Northwood Pulp and Timber
(50%)

	Production		
	Lumber	Market Pulp	Chips
	Mfbm	Tons	B.D.U.
1975	235,000	169,000	156,000
1974	447,000	208,000	282,000
1973	504,500	234,000	283,000
1972	481,000	230,000	257,000
1971	315,000	215,500	153,000

Lumber operations were not profitable and the three month British Columbia forest industry strike drastically limited pulp production. Capital expenditures were restricted to items necessary for maintenance of production except for major revisions to the Houston sawmill line. By year's end, the labour situation was stabilized and the lumber market sufficiently robust to permit full two shift operations.

B.C. Chemicals, an associated company, produced 14,000 tons of sodium chlorate and 4,900 tons of crude tall oil.

British Columbia Forest Products
(28.5%)

	Production			
	Lumber	Market Pulp	Newsprint	Plywood
	Mfbm	Tons	Tons	MSM 1/16″
1975	434,000	356,000	193,000	802,000
1974	474,000	466,000	246,000	986,000
1973	536,000	452,000	256,000	1,162,000
1972	537,000	273,000	233,000	748,000
1971	483,000	221,000	232,000	804,500

Earnings of $15.9 million compare favourably within the industry despite the fact that operations were affected by labour disruption and depressed markets. Pulp and newsprint activities were mainstays in the early part of the year and results were also affected by the relative strength in Coast versus Interior wood products.

One additional sawmill with related forest quota holdings located at Boston Bar, B.C. was acquired. Major expansion effort was focused on the feasibility and planning of a possible new integrated pulp and lumber complex at St. Felicien, Que. B.C.F.P. would hold a 40% interest in partnership with the Donohue Co., and would have project and initial management control.

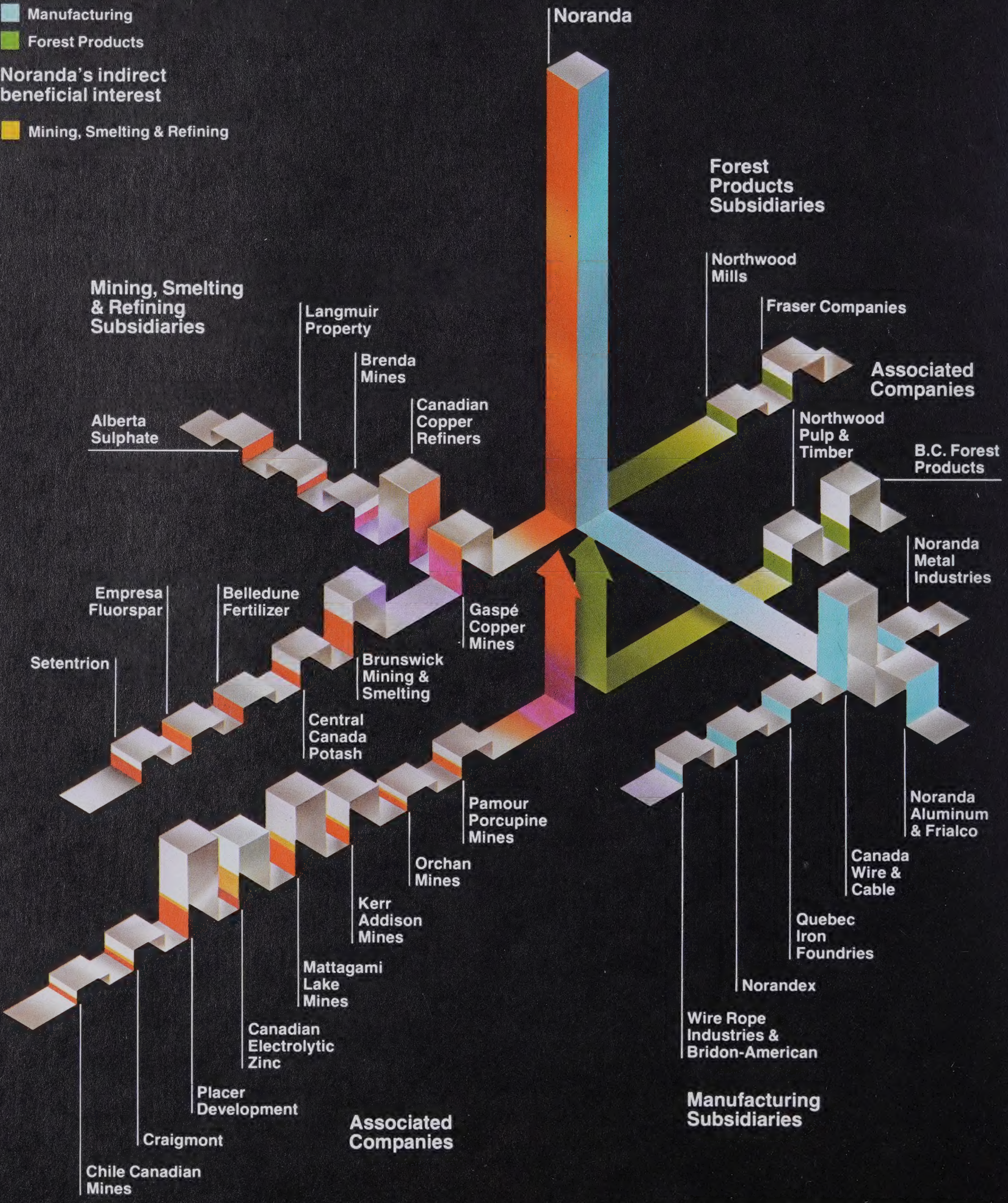
Major interests

Held by Noranda or wholly owned subsidiaries

- Mining, Smelting & Refining
- Manufacturing
- Forest Products

Noranda's indirect beneficial interest

- Mining, Smelting & Refining



Where applicable the height of each step indicates the total market value of shares outstanding, as of Dec. 31, 1975

Operating interests

MINING

Horne Division, Noranda, Que.	copper-gold
Geco Division, Manitouwadge, Ont.	copper-zinc-silver
Bell Copper Division, Granisle, B.C.	copper-gold
Boss Mountain Division, Hendrix Lake, B.C.	molybdenum
Alberta Sulphate, Horseshoe Lake, Alta.	sodium sulphate
Brenda Mines, Peachland, B.C.	copper-molybdenum
Brunswick Mining & Smelting, Bathurst, N.B.	zinc-lead-copper-silver
Central Canada Potash, Colonsay, Sask.	potash
Gaspé Copper Mines, Murdochville, Que.	copper
Kerr Addison Mines, Virginiatown, Ont.	gold
Kerramerican, Blue Hill, Maine, U.S.A.	zinc-copper
Langmuir Property, Pamour, Ont.	nickel
Mattagami Lake Mines, Matagami, Que.	zinc-copper-silver
Mattabi Mines, Ignace, Ont.	zinc-copper-silver
Orchan Mines, Matagami, Que.	copper-zinc
Pamour Porcupine Mines, Pamour, Ont.	gold
Schumacher Division, Schumacher, Ont.	copper-gold
Placer Development, Vancouver, B.C.	
Craigmont Mines, Merritt, B.C.	copper
Endako Mine, Fraser Lake, B.C.	molybdenum
Gilbraltar Mines, McLeese Lake, B.C.	copper
Marcopper Mining, Philippines	copper
McDermitt Mine, Nevada, U.S.A.	mercury
Chile Canadian Mines, Chile	copper
Empresa Fluorspar, Mexico	fluorspar
Empresa Minera de el Sententrion, Nicaragua	gold

SMELTING/REFINING

Horne Division, Noranda, Que.	copper smelter
Gaspé Copper, Murdochville, Que.	copper smelter
Canadian Copper Refiners, Montreal East, Que.	copper refiners
Brunswick Smelting Division, Belledune, N.B.	lead smelter
Canadian Electrolytic Zinc. Valleyfield, Que.	zinc reduction plant
Federated Genco, Scarborough, Ont.	metal-alloys
Plants: Burlington & Scarborough, Ont. Lachine, Que.	

FERTILIZER PLANTS

Belledune Fertilizer, Belledune, N.B.	diammonium phosphate
St. Lawrence Fertilizers, Valleyfield, Que.	diammonium phosphate and triple superphosphate

MANUFACTURING

Bridon-American, Exeter, Pa., U.S.A.	steel wire rope
Plants: Exeter and Muncy, Pa.	
Canada Wire & Cable, Toronto, Ont.	copper rod, wire & cable
Plants: Toronto, Fergus and Simcoe, Ont., St. John, N.B., Montreal East, Que., Winnipeg, Man., Weyburn, Sask., New Westminster, B.C.	
Industrial Wire & Cable Division, Toronto, Ont.	
Plants: Quebec, Que. & Toronto	
International Division	
Alambres Dominicanos, Dominican Republic	
Conductores Monterrey, Mexico	
Fadaltec, Colombia	
Fercable, Spain	
Iconel, Venezuela	
Nigerchin Electrical Development Co., Nigeria	
Termocanada Condutores Electricos, Brazil	
Tolley Industries, New Zealand	
Transwire Cable, South Africa	
Tyree Canada Wire, Australia	
Canplas Industries, New Westminster, B.C.	plastic moulding
Plants: Barrie, Ont., and New Westminster	
Grandview Industries, (Rexdale) Toronto, Ont.	plastic moulding and extrusion
Plants: Rexdale, Brampton, Mississauga, Ont., Montreal, Que., Edmonton, Alta., Weyburn, Sask., Langley, B.C.	
Noranda Aluminum, New Madrid, Mo., U.S.A.	aluminum reduction and wire and cable
Friguia, Republic of Guinea	alumina
Noranda Metal Industries, Montreal East, Que.	copper sheet, strip, tube and alloys
Plants: Montreal East, Que., Fergus and Arnprior, Ont. New Westminster, B.C. Bellingham, Wash.	
French Tube Division, Newtown, Conn., U.S.A.	specialty tube
Manufacturera Colombiana de Cobre Y Laton, S.A. Colombia	copper tube
Norandex, Cleveland, Ohio, U.S.A.	aluminum building products
Plants: Cleveland, Ohio and Jacksonville, Florida	
Quebec Iron Foundries, Mississauga, Ont.	grinding media and secondary metal
Plants: Mont Joli (2) and Noranda, Que., Moncton N.B., Surrey, B.C.	
Wire Rope Industries, Pointe Claire, Que.	steel wire rope
Plants: Pointe Claire, Que., Vancouver, B.C.	
Gourock Industries, Boucherville, Que.	synthetic rope

FOREST PRODUCTS

Northwood Mills, Penticton, B.C.	lumber, doors, mouldings
Sawmills: Penticton, Princeton (2) Okanagan Falls.	
Manufacturing Div: Burnaby, B.C.	
Northwood Panelboard, Chatham, N.B..	particle board
Fraser Companies, Edmundston, N.B.	lumber, pulp, paper, paperboard
Sawmills: Plaster Rock & Kedgwick	
Pulp Mills: Edmundston & Atholville	
Fraser Paper, Madawaska, Maine, U.S.A.	
Northwood Pulp & Timber, Prince George, B.C.	lumber & pulp
Sawmills: Prince George, Houston, Upper Fraser and Shelley	
Pulp Mill: Prince George	
B.C. Chemicals, Prince George	chlorate & tall oil
British Columbia Forest Products, Vancouver, B.C.	plywood, lumber, pulp, newsprint
Sawmills: Mackenzie (3), Hammond, Victoria Cowichan, Tilbury & Boston Bar	
Plywood & Veneer: Victoria, Cowichan, and Delta	
Pulp Mills: Mackenzie & Crofton	
Newsprint: Crofton	